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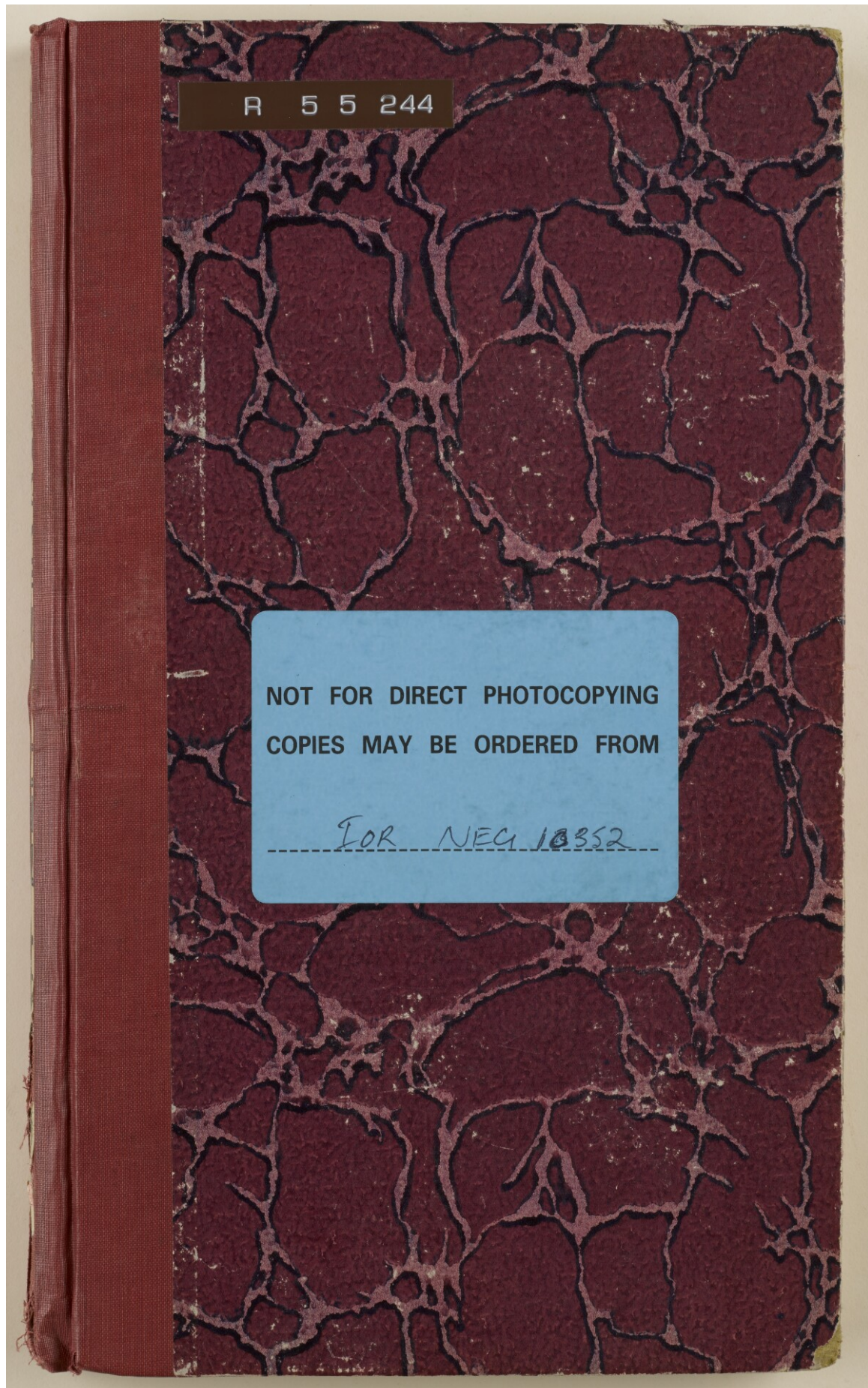
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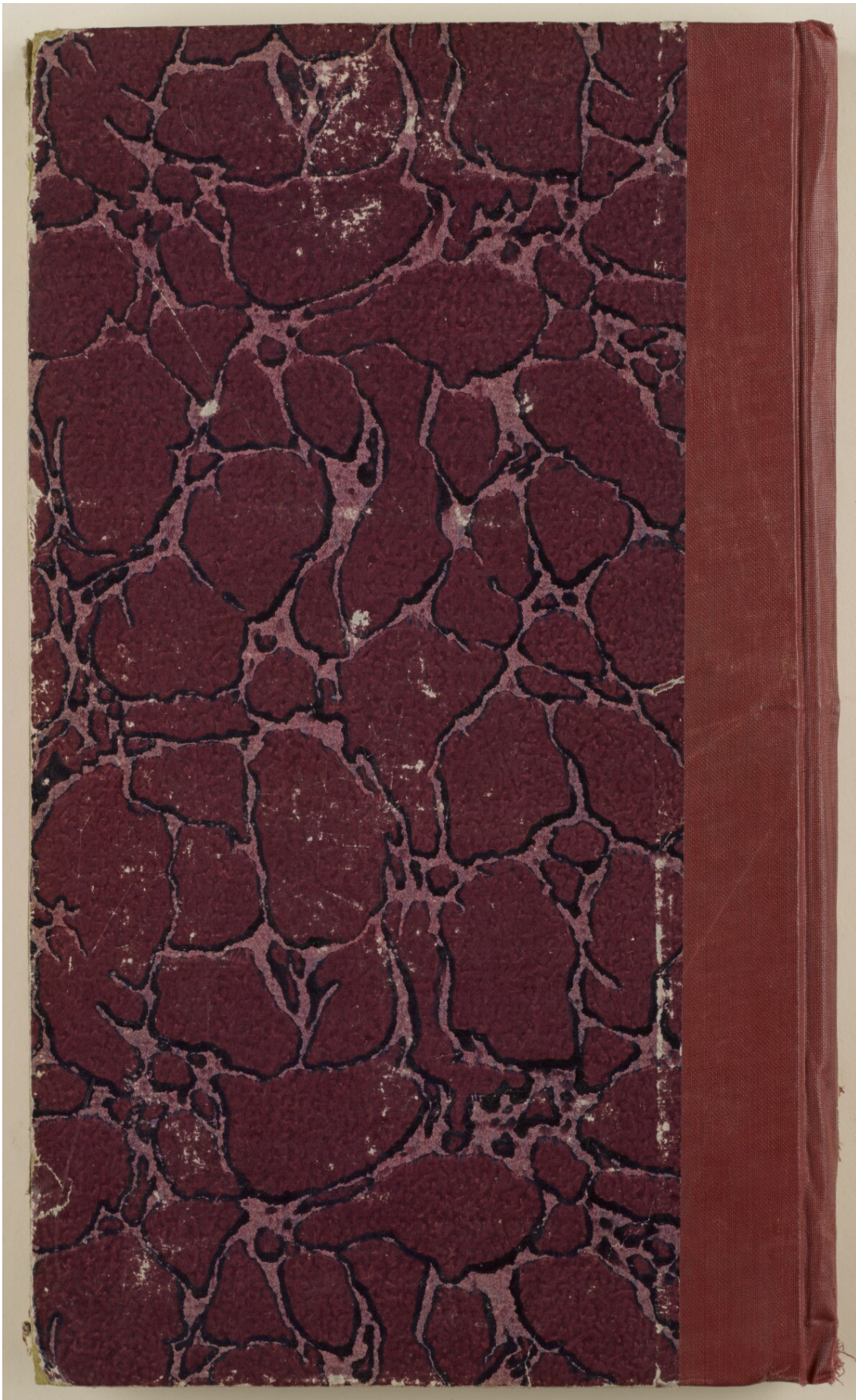
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Reference	IOR/R/15/5/244
Title	'File 5/1 IX Kuwait Oil Company'
Date(s)	7 Mar 1934-11 May 1934 (CE, Gregorian)
Written in	English in Latin
Extent and Format	1 file (199 folios)
Holding Institution	British Library: India Office Records and Private Papers
Copyright for document	<u>Unknown</u>

About this record

This file contains papers that discuss the beginning and expansion of oil operations in Kuwait. These range from legal arrangements with the Ruler of Kuwait, to how best to secure the oil concession for British rather than American interests. The file's main correspondents include the Foreign Office, the India Office, and the Political Agent in Kuwait.



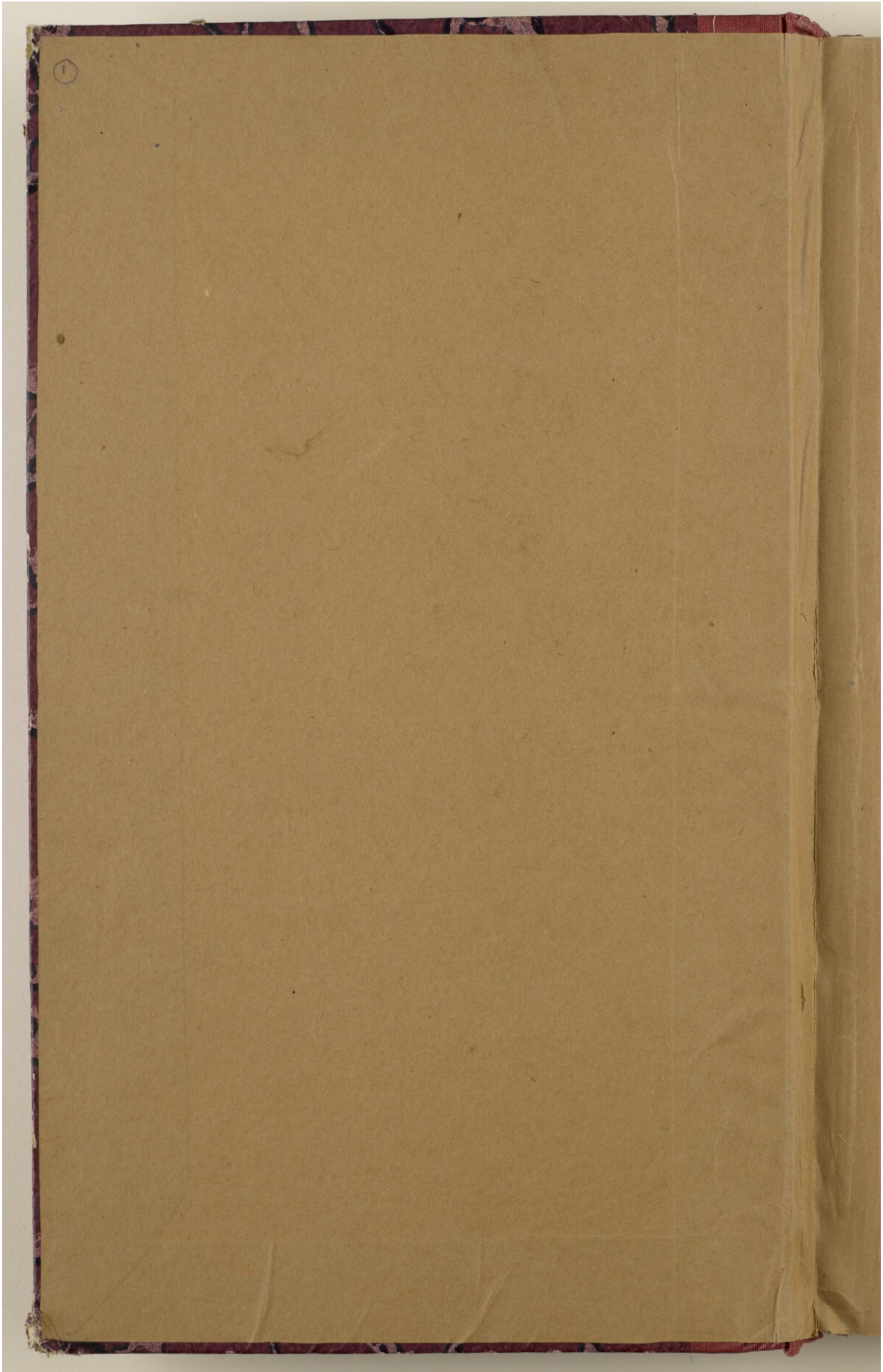


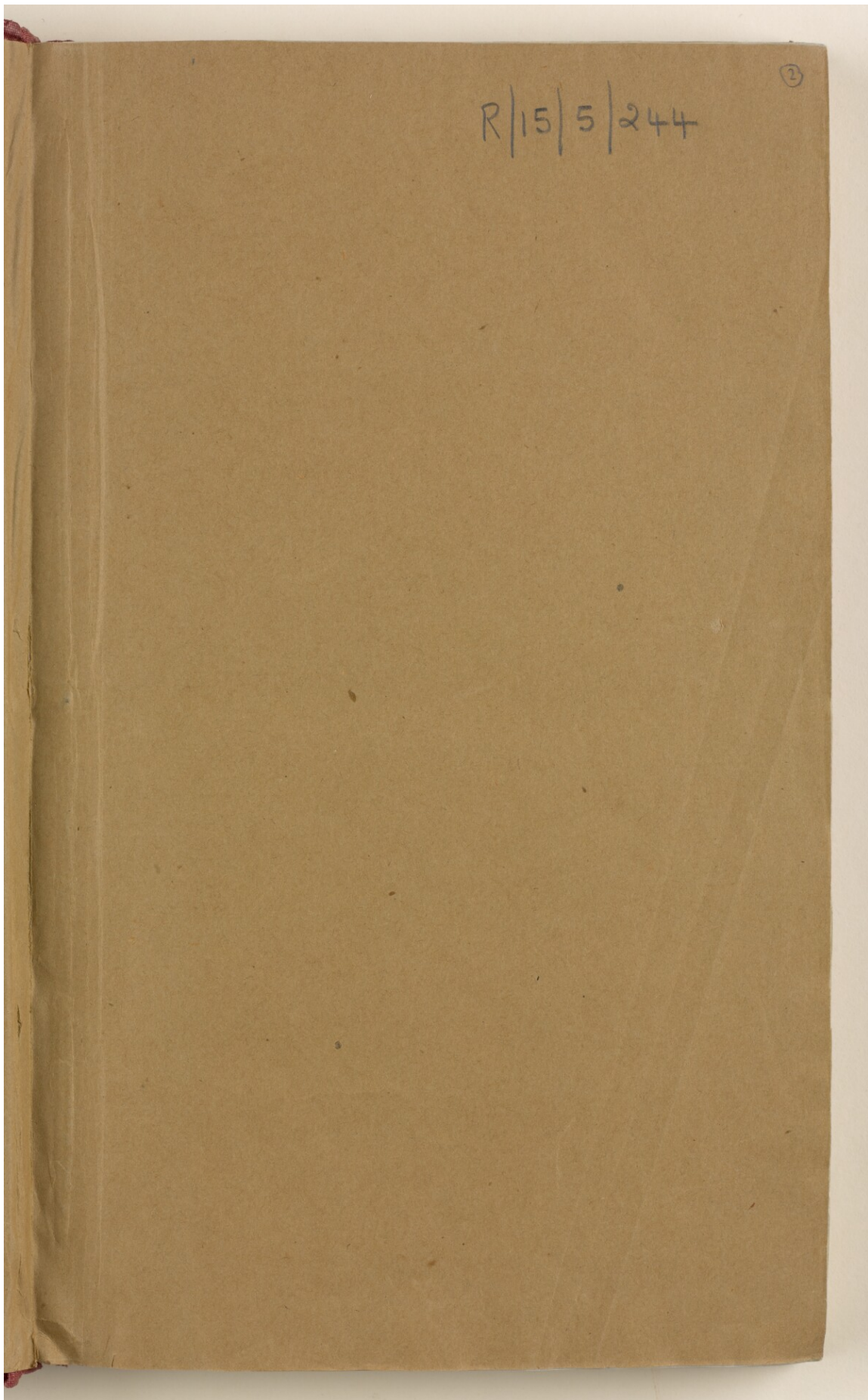


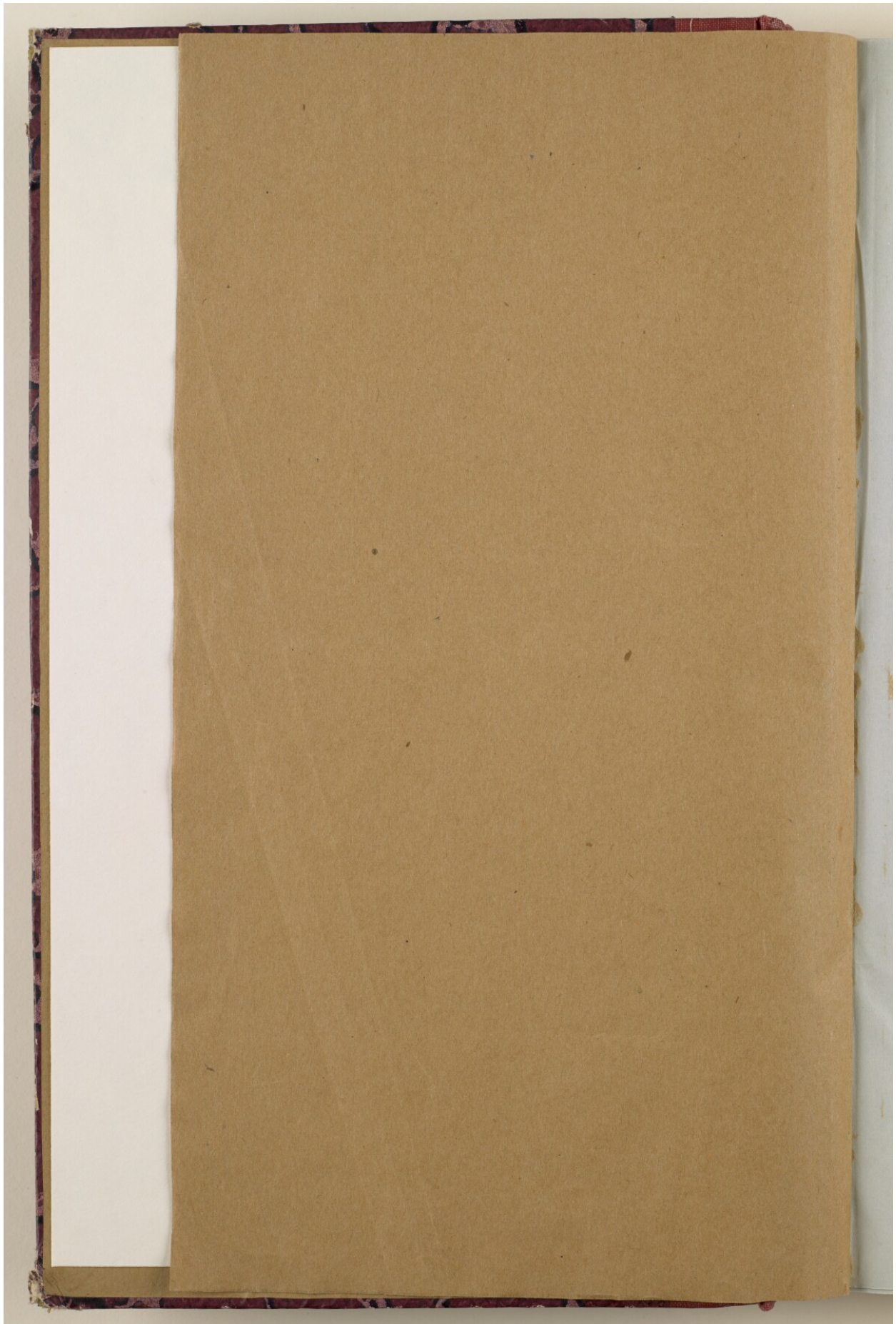


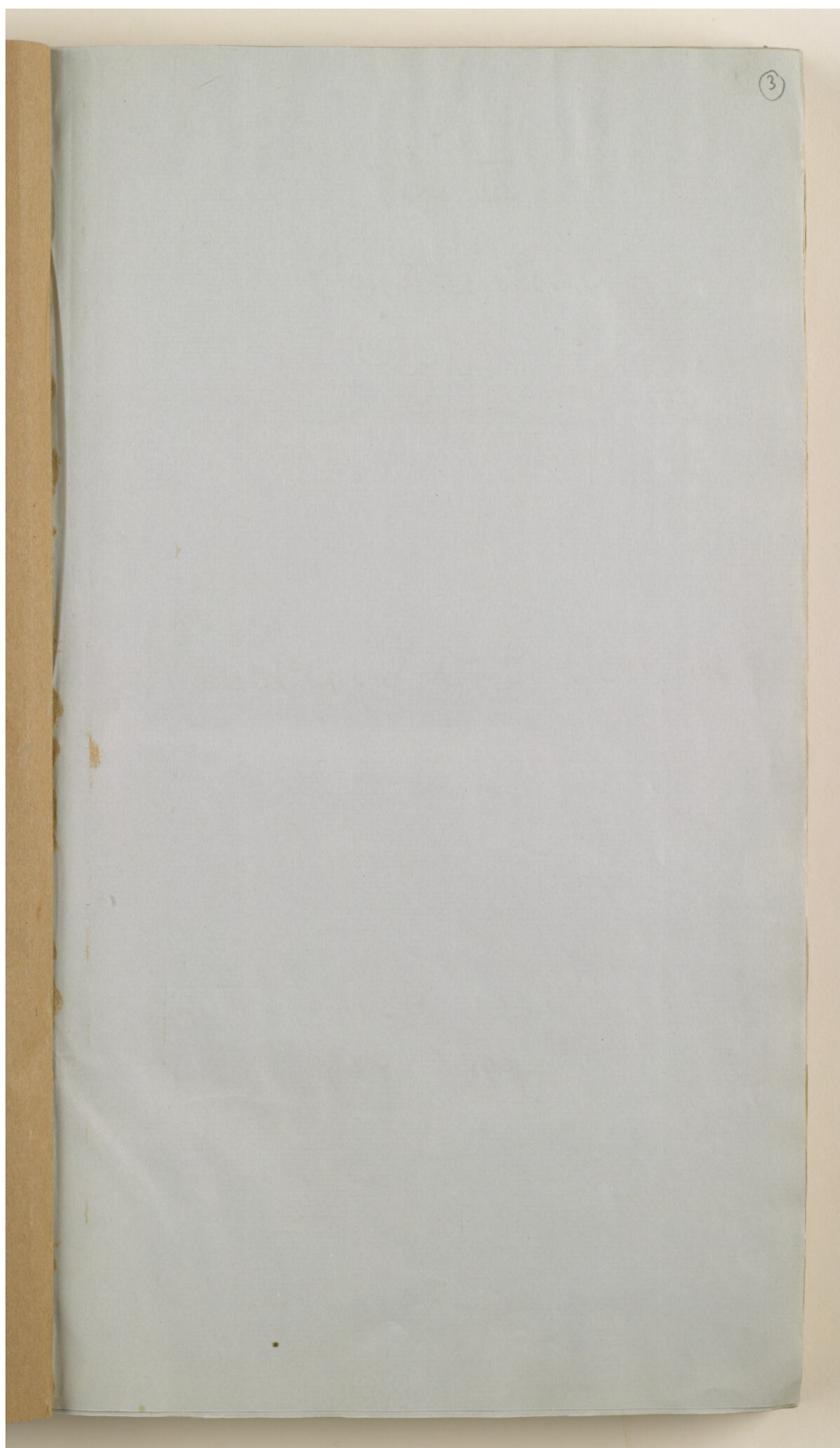


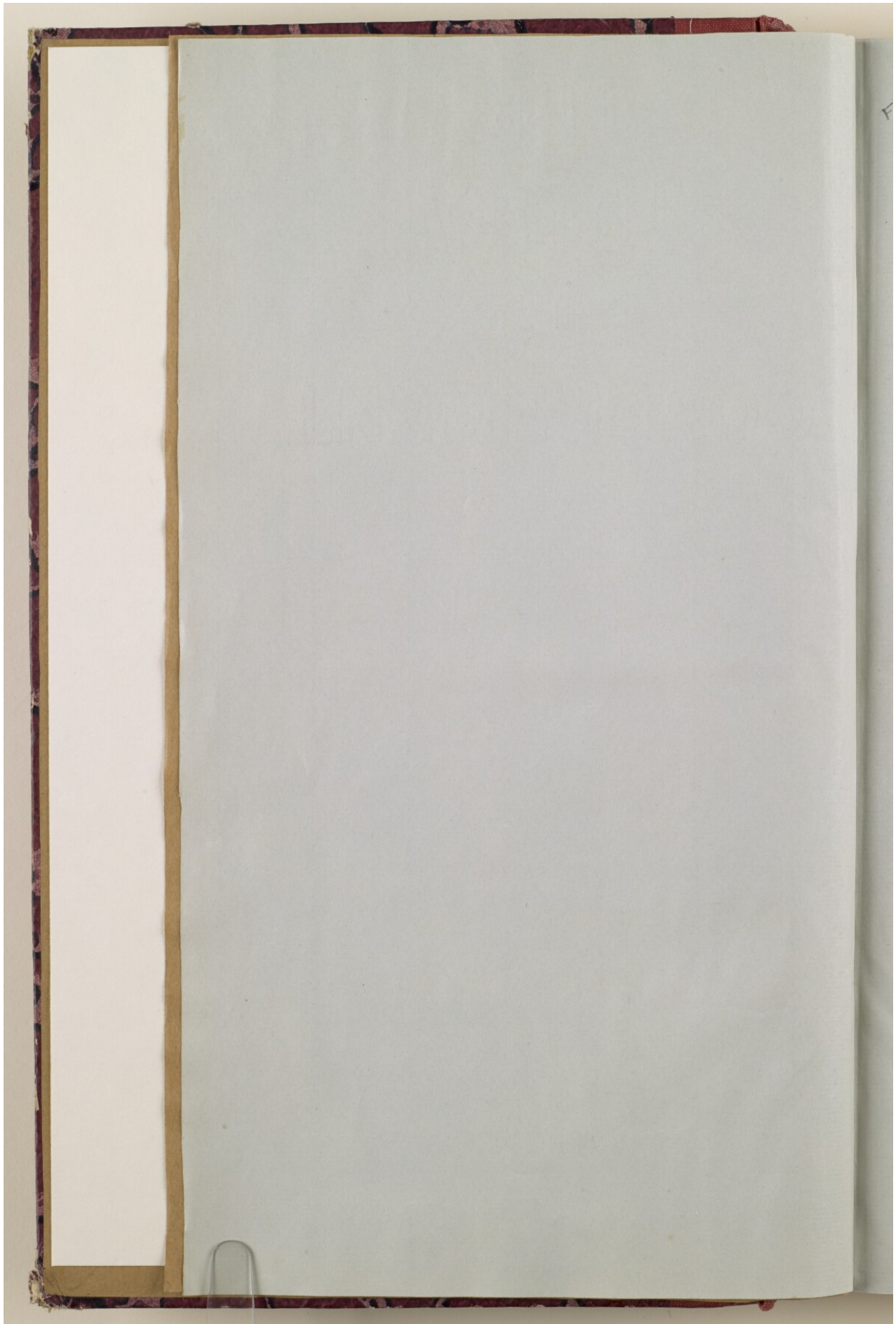














File V-1.
Vol-9-ed.

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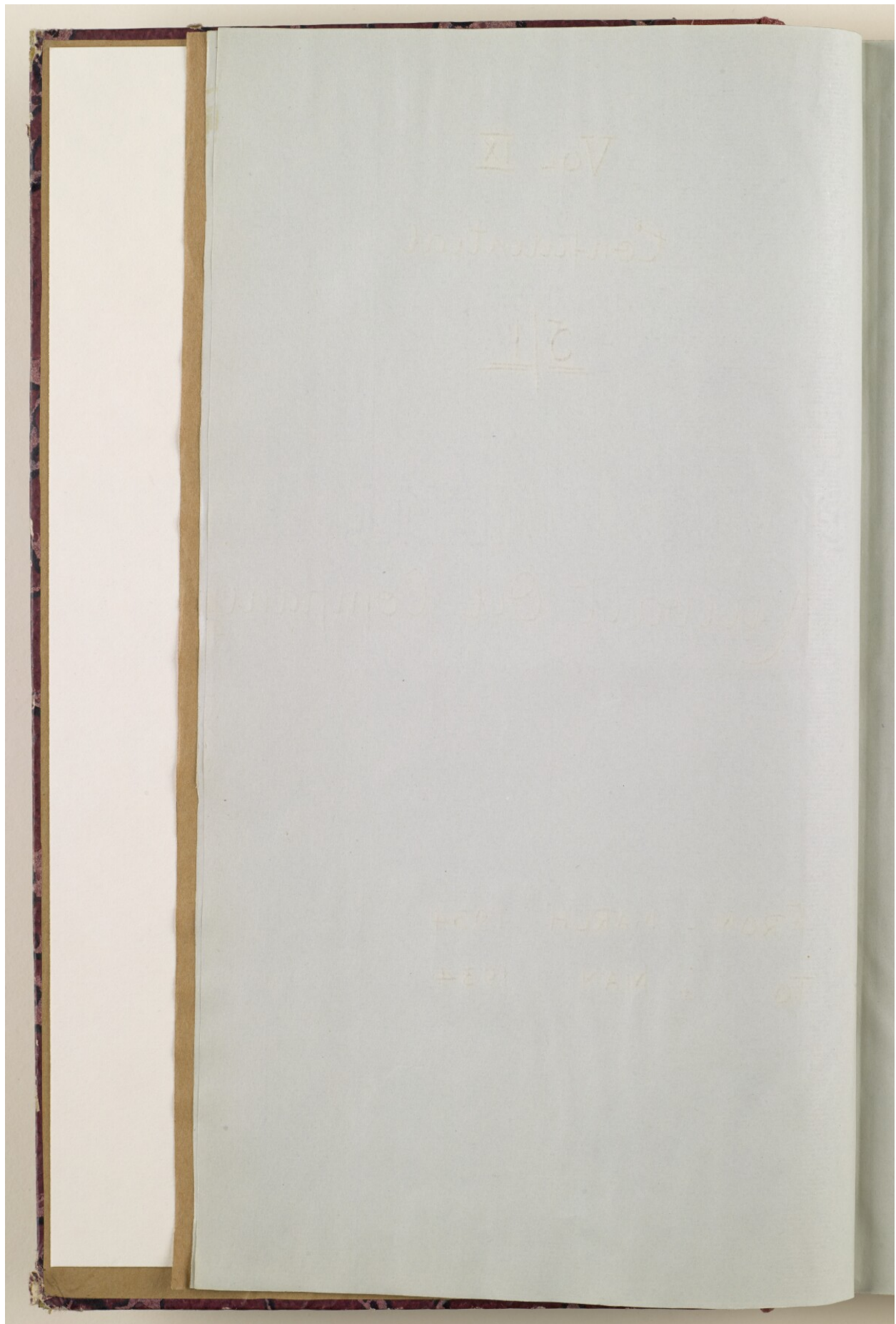
VOL IX

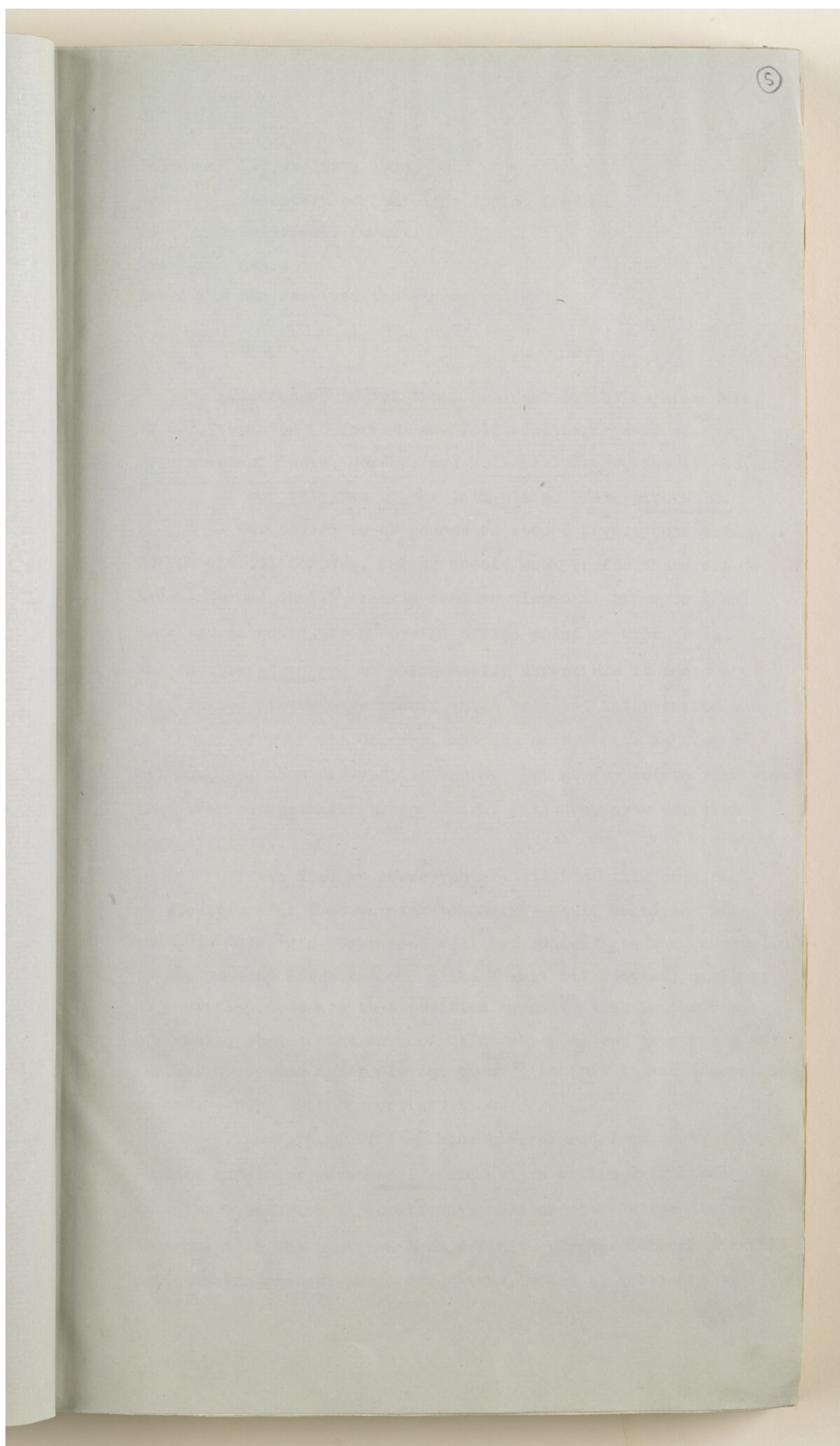
Confidential

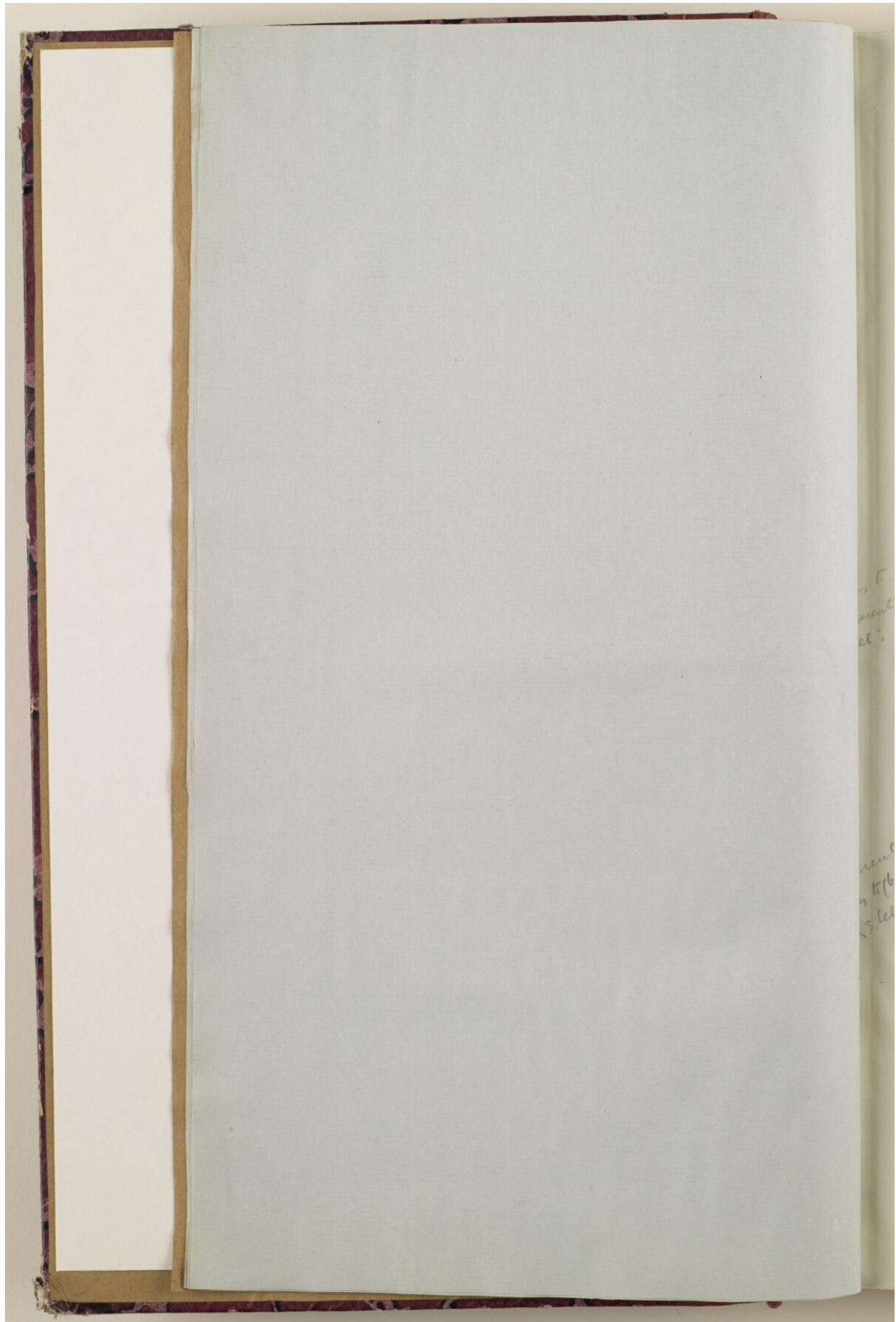
5/1

Kuwait Oil Company

FROM - MARCH 1934
TO - MAY 1934.









R.I.N. 174
1910.3.24
Telegram I.F.O. 1927, 1930.

From Secretary of State for India, London.

To Political, Kuwait.

No. 623.

Dated the 7th received the 8th March 1934.

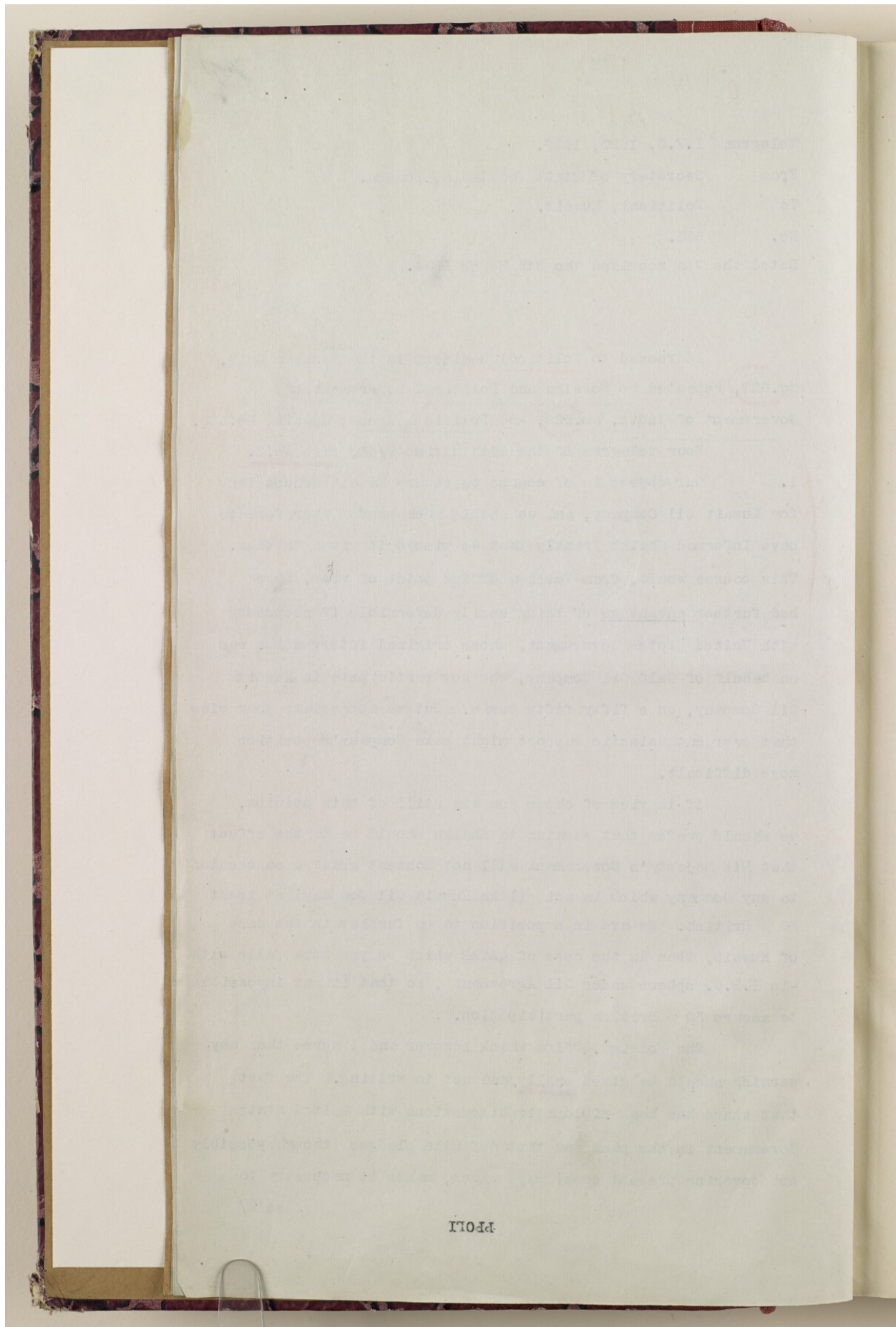
Addressed to Political Resident in the Persian Gulf,
No. 621, repeated to Foreign and Political Department of
Government of India, No. 622, and Political Agent, Kuwait, No. 623.

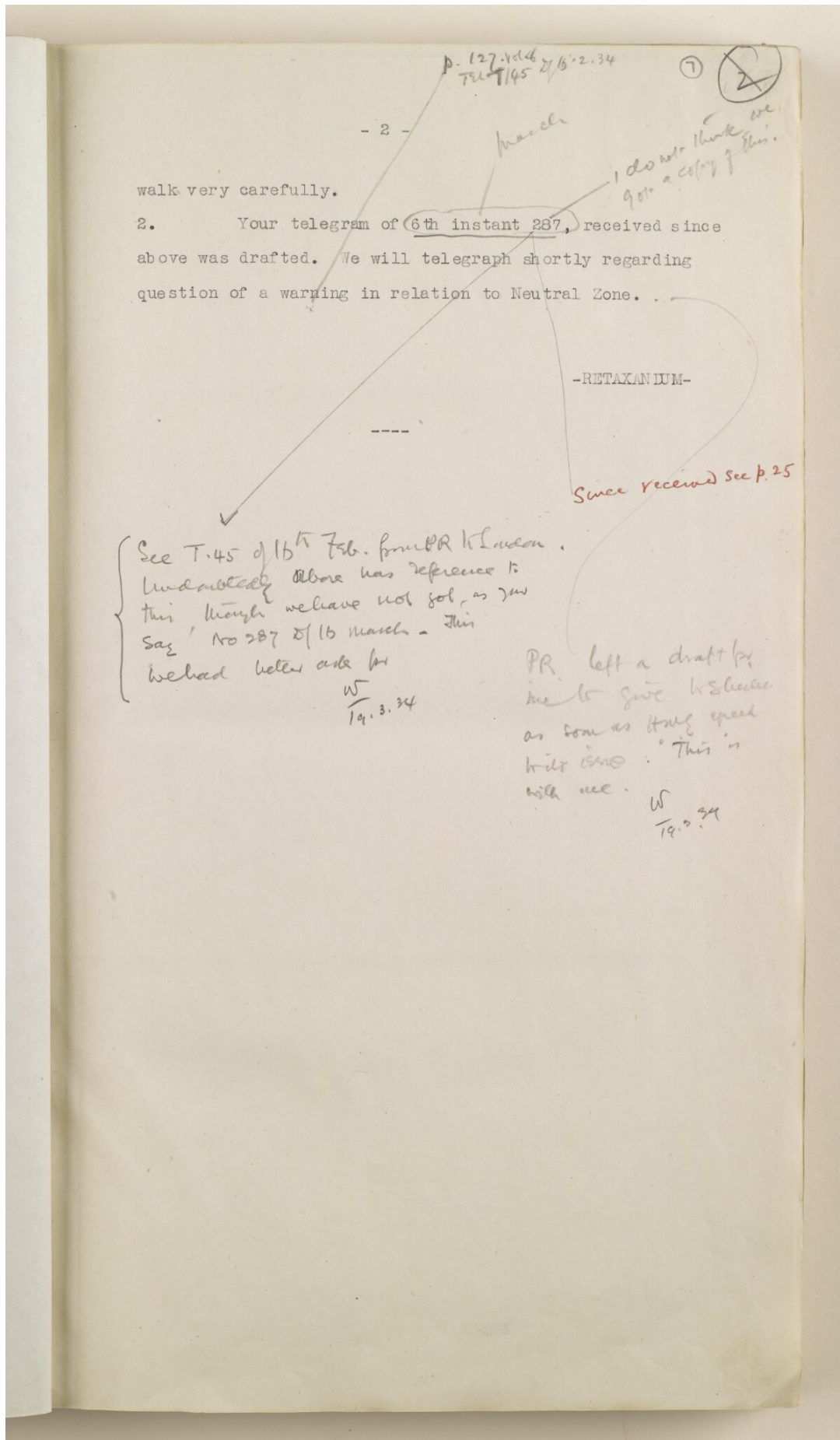
Your telegram of the 16th ultimo T/44, para No.3.

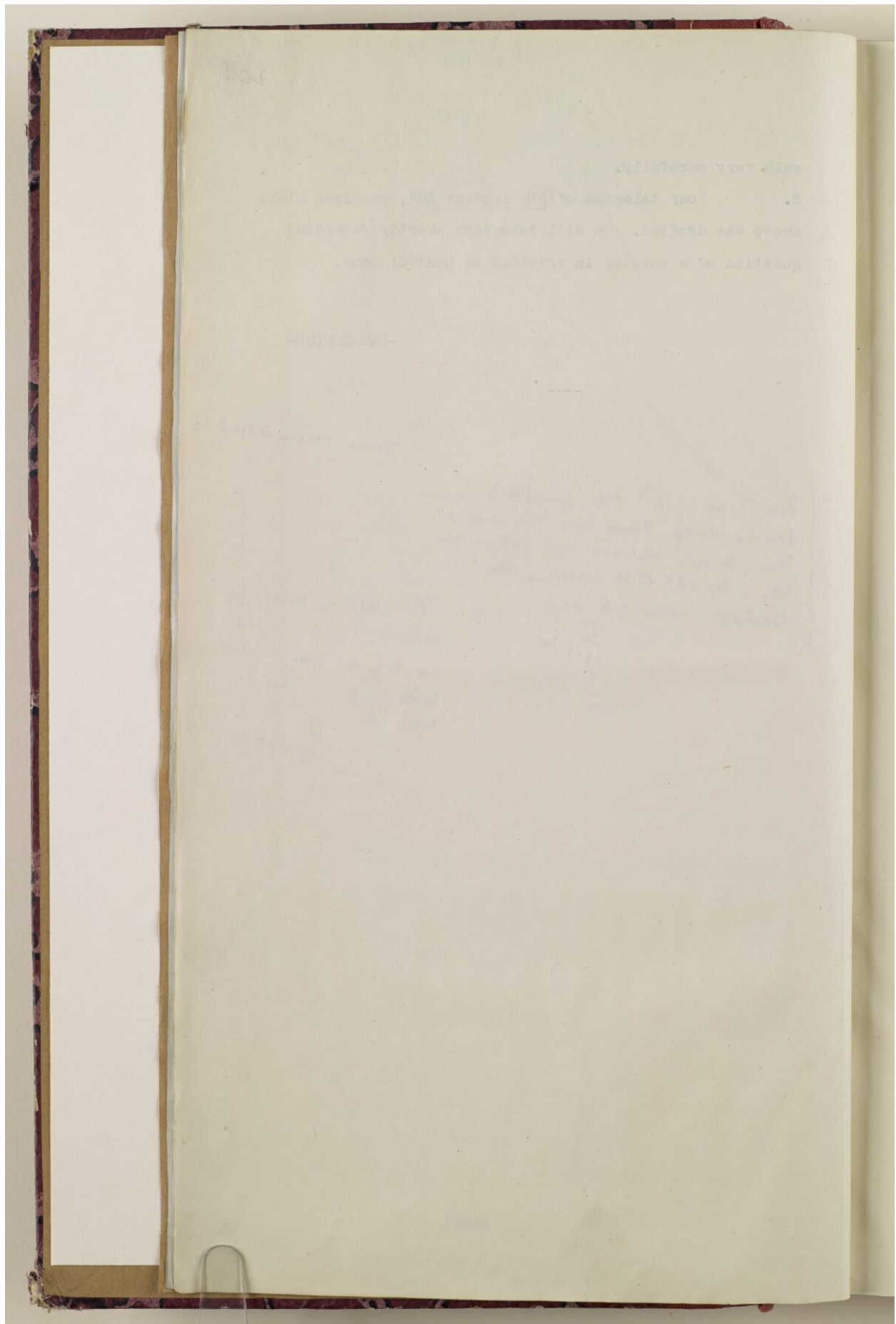
1. Our object is of course to secure Kuwait Concession for Kuwait Oil Company, and we should much prefer therefore to have informed Shaikh frankly that we wished it given to them. This course would, from Foreign Office point of view, have had further advantage of being easily defensible if necessary with United States Government, whose original intervention was on behalf of Gulf Oil Company, who now participate in Kuwait Oil Company, on a fifty fifty basis. But we appreciate your view that over enthusiastic support might make Company's position more difficult.

If in view of above you are still of this opinion, we should prefer that warning to Shaikh should be to the effect that His Majesty's Government will not consent grant a concession to any Company which is not (like Kuwait Oil Company) at least 50 % British. We are in a position to go further in the case of Kuwait, than in the case of QATAR which as you know falls with-in I.P.C. sphere under Oil Agreement, so that it was impossible to secure 50 % British participation.

The Foreign Office think however and I agree that any warning should be given orally and not in writing. The fact that there has been diplomatic discussions with United States Government in the past and that definite pledges (though possibly not covering present case) were given, makes it necessary to
walk/









R.L.No. 175
10.3.34

(X) (8)

Telegram I.F.O. 1927 and 1930.

From Secretary of State for India, London.

To Political, Kuwait.

No. 658.

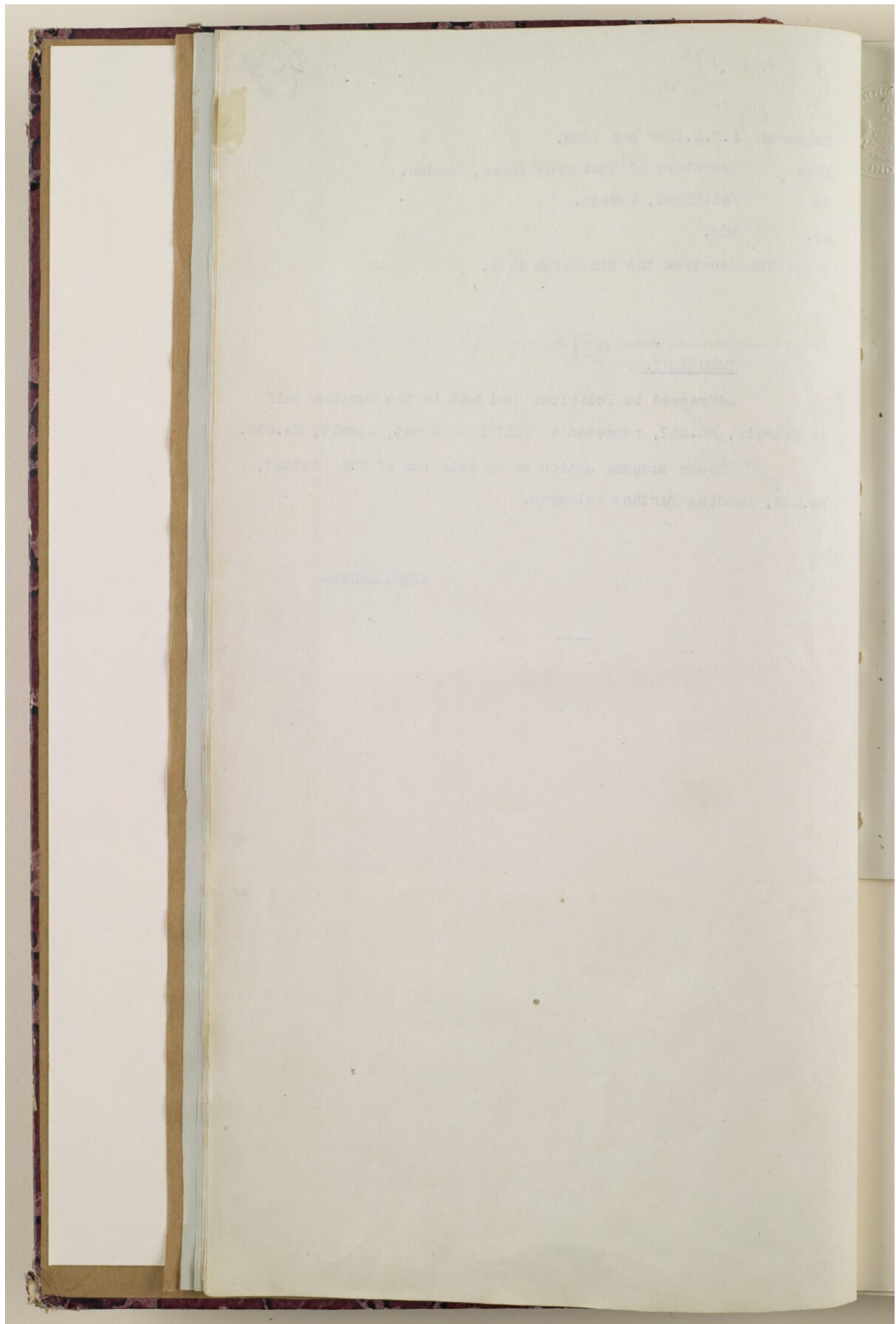
Dated 8th received the 9th March 1934.

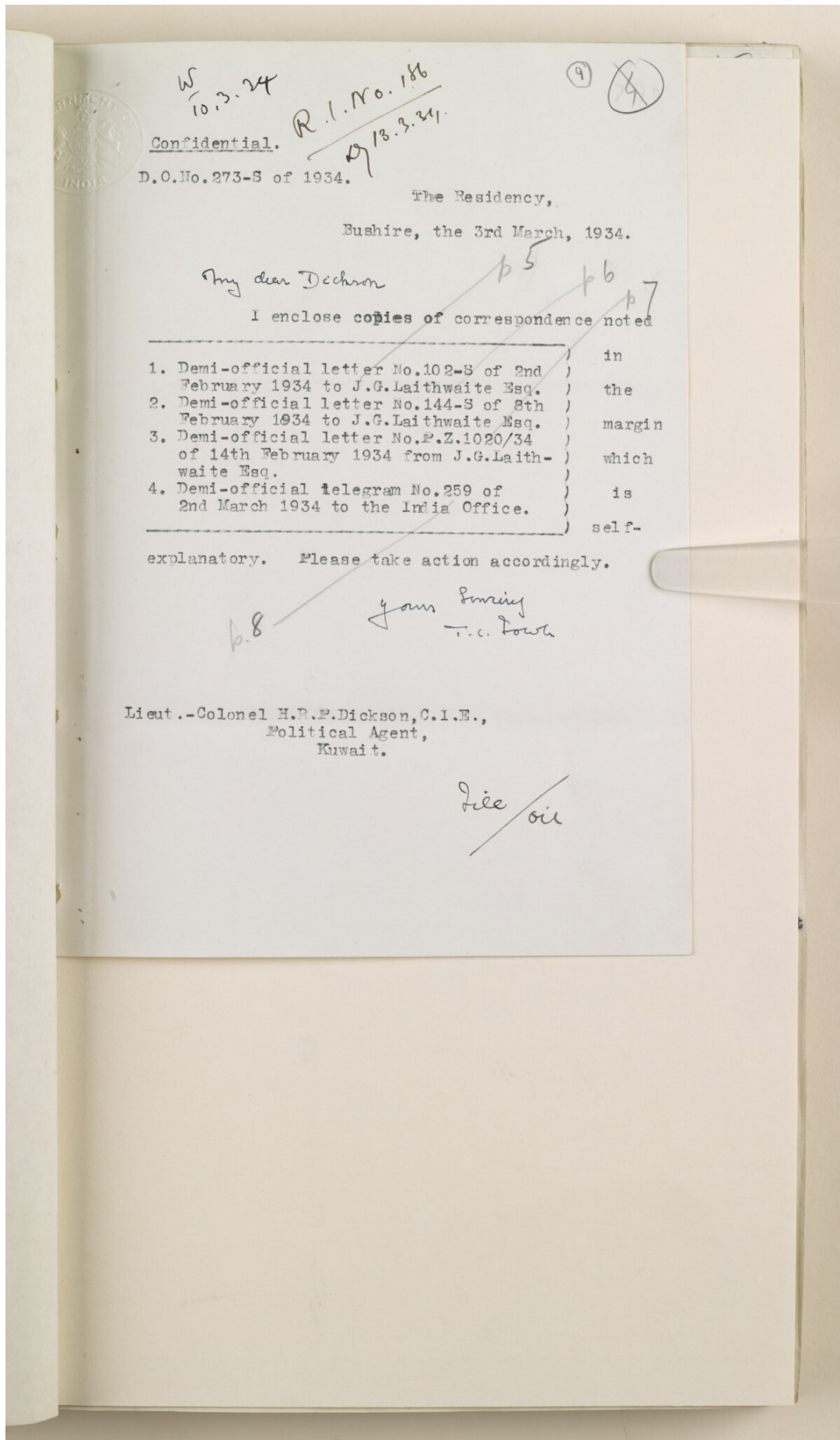
IMPORTANT.

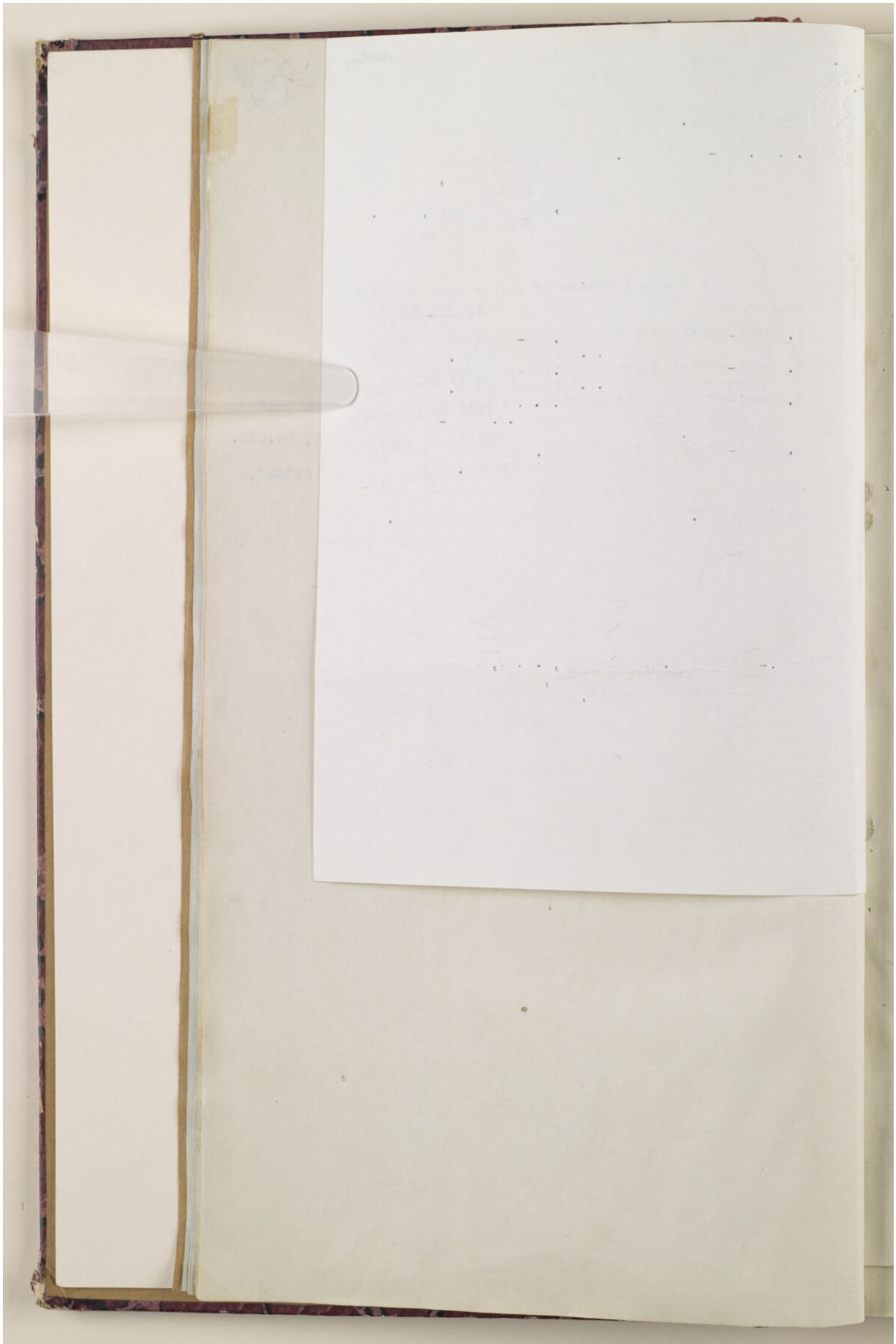
Addressed to Political Resident in the Persian Gulf
at Bahrain, No. 657, repeated to Political Agent, Kuwait, No. 658.

Please suspend action on my telegram of 7th instant,
No. 622, pending further telegram.

-RETAKANDUM-









Copy.

By Air Mail.

Confidential.

D.O.No.102-S of 1934. The Residency,
Bushire, 2nd February 1934.

Not read
Please refer to your demi-official
letter of 30th December 1933.

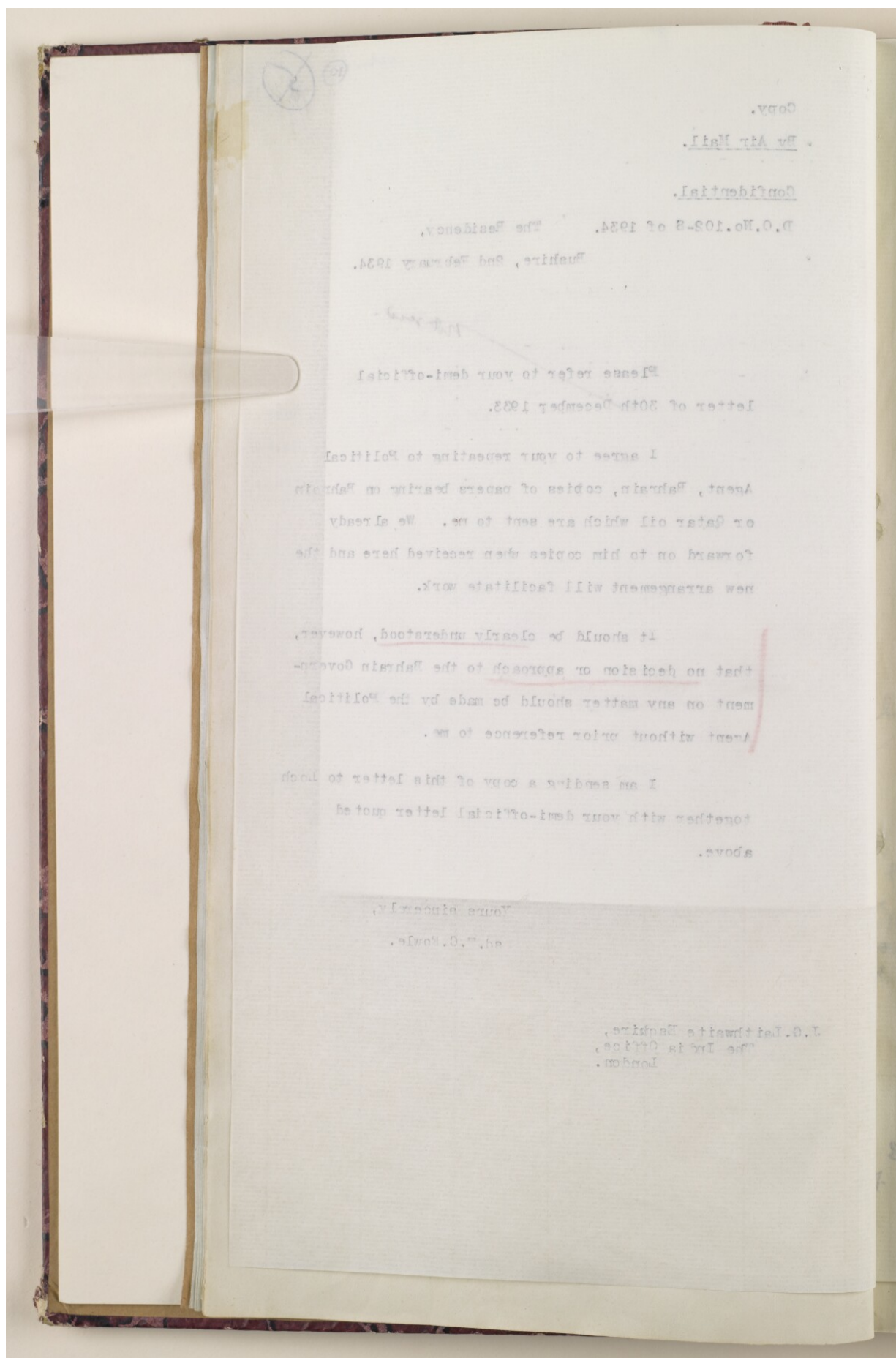
I agree to your repeating to Political
Agent, Bahrain, copies of papers bearing on Bahrain
or Qatar oil which are sent to me. We already
forward on to him copies when received here and the
new arrangement will facilitate work.

It should be clearly understood, however,
that no decision or approach to the Bahrain Govern-
ment on any matter should be made by the Political
Agent without prior reference to me.

I am sending a copy of this letter to Loch
together with your demi-official letter quoted
above.

Yours sincerely,
sd. T.C. Powle.

J.G. Laithwaite Esquire,
The India Office,
London.





Copy.

Confidential.

D.O.No.144-S of 1934.

The Residency,
Bushire, 8th February, 1934.

105
Please refer to correspondence ending
with my demi-official letter No.102-S of 2nd February
1934.

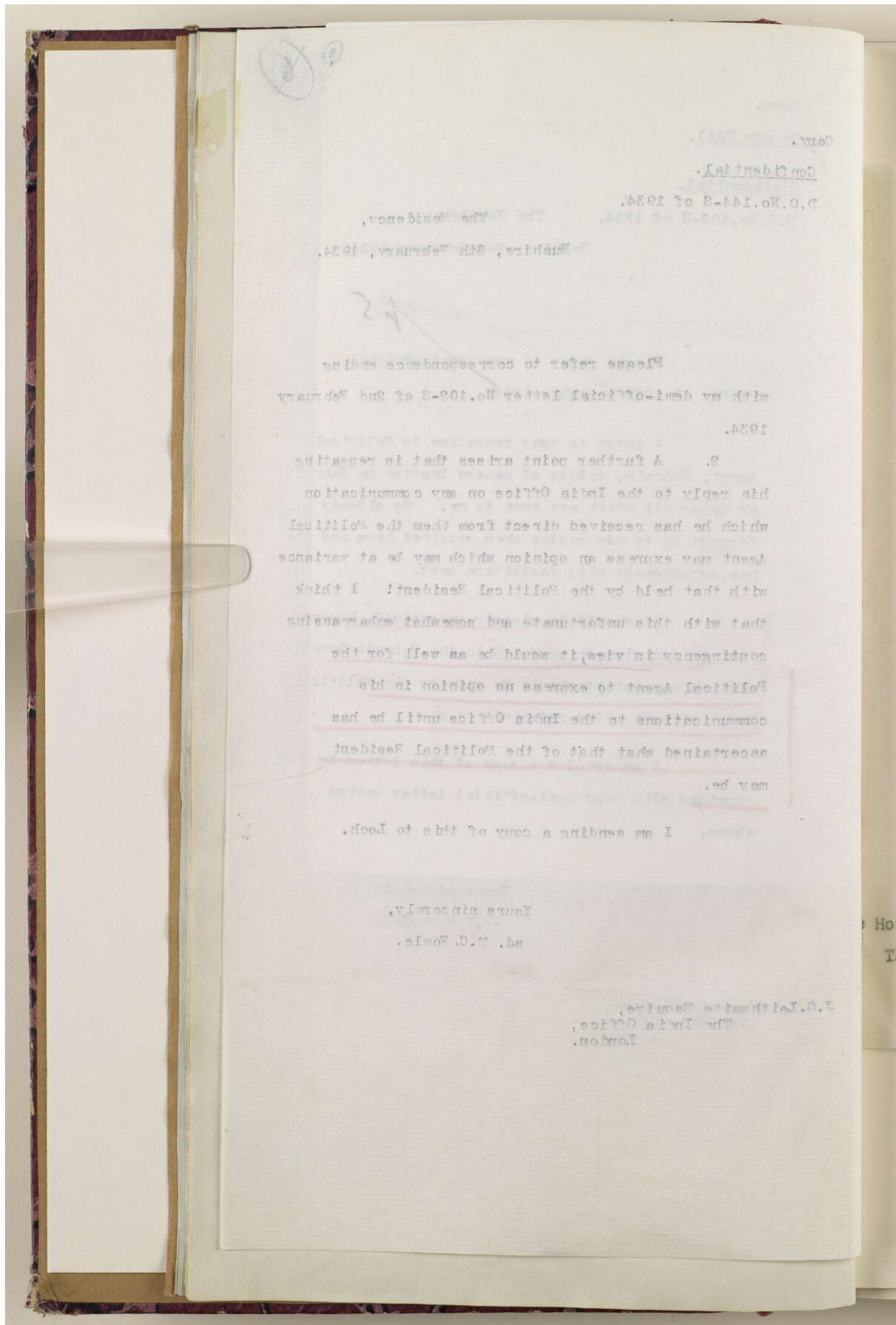
2. A further point arises that in repeating
his reply to the India Office on any communication
which he has received direct from them the Political
Agent may express an opinion which may be at variance
with that held by the Political Resident! I think
that with this unfortunate and somewhat embarrassing
contingency in view, it would be as well for the
Political Agent to express no opinion in his
communications to the India Office until he has
ascertained what that of the Political Resident
may be.

I am sending a copy of this to Loch.

Yours sincerely,

sd. T.C. Fowle.

J.G. Laithwaite Esquire,
The India Office,
London.





INDIA OFFICE,

WHITEHALL, S.W. 1.

P.Z.1020/34.

By Air Mail.

14th February 1934.

My dear Fowle,

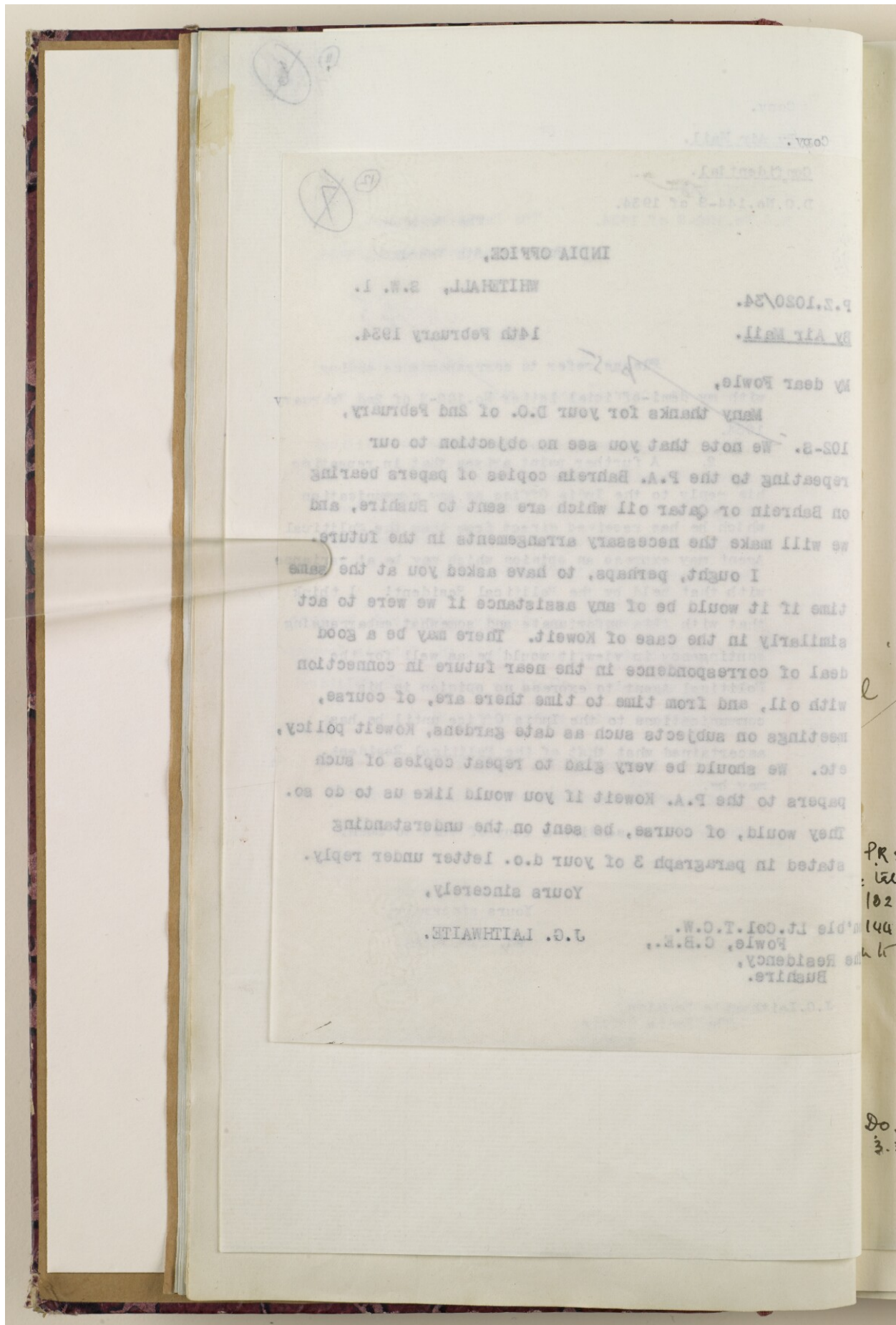
Many thanks for your D.O. of 2nd February, 102-S. We note that you see no objection to our repeating to the P.A. Bahrein copies of papers bearing on Bahrein or Qatar oil which are sent to Bushire, and we will make the necessary arrangements in the future.

I ought, perhaps, to have asked you at the same time if it would be of any assistance if we were to act similarly in the case of Koweit. There may be a good deal of correspondence in the near future in connection with oil, and from time to time there are, of course, meetings on subjects such as date gardens, Koweit policy, etc. We should be very glad to repeat copies of such papers to the P.A. Koweit if you would like us to do so. They would, of course, be sent on the understanding stated in paragraph 3 of your d.o. letter under reply.

Yours sincerely,

Hon'ble Lt.Col.T.C.W.
Fowle, C.B.E.,
The Residency,
Bushire.

J.G. LAITHWAITE.





Telegram R.27.

From Political Resident, Bushire.

To H.M.'s Secretary of State for India,
London.

No. 259.

Dated the 2nd March 1934.

Demi-official.

Laithwaite's demi-official of 14th
February regarding repetition to Kuwait.

No objection subject to same provisos[†]
as in case of Bahrain, and am informing Dickson
accordingly.

- Resident -

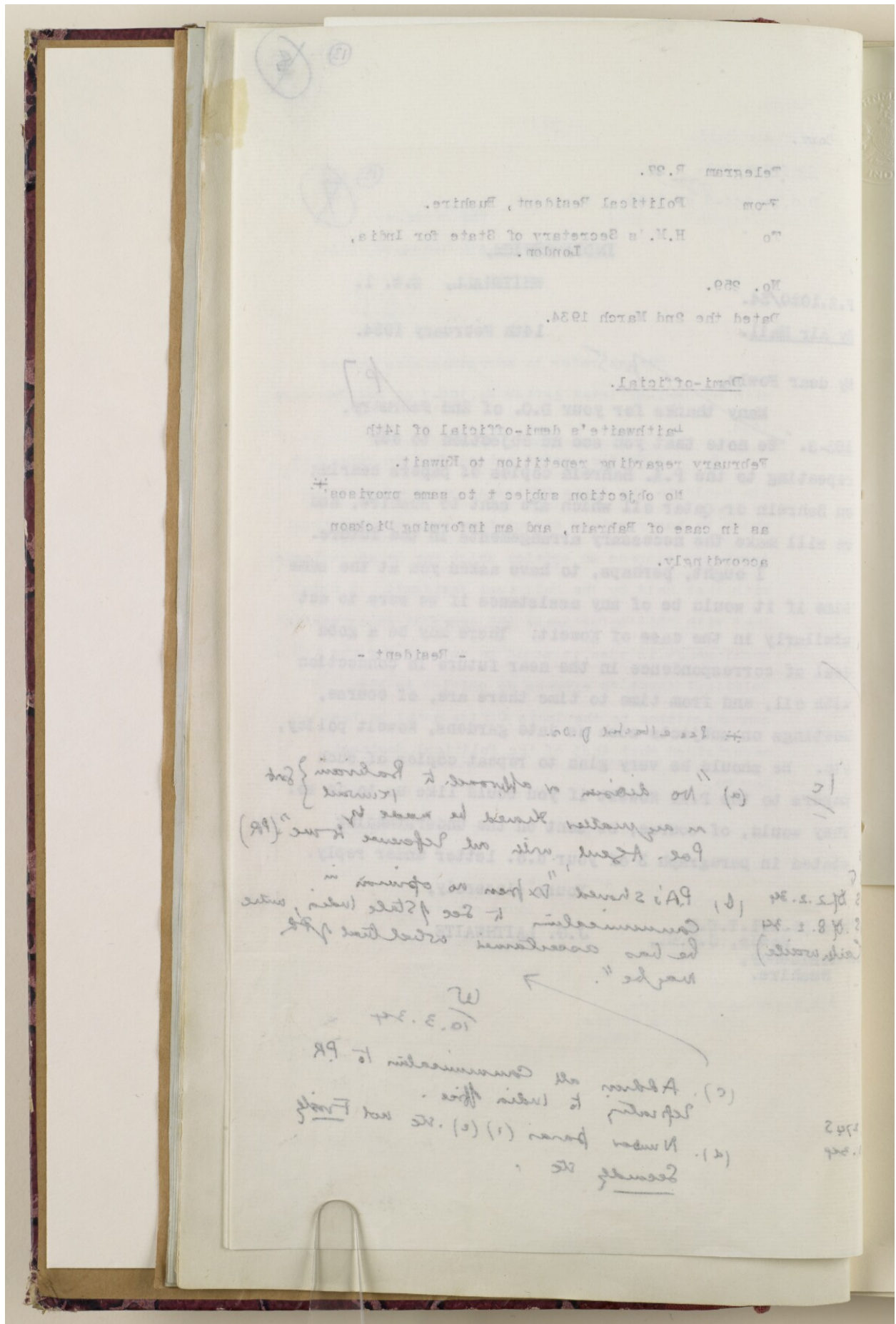
† See attached D.Os.

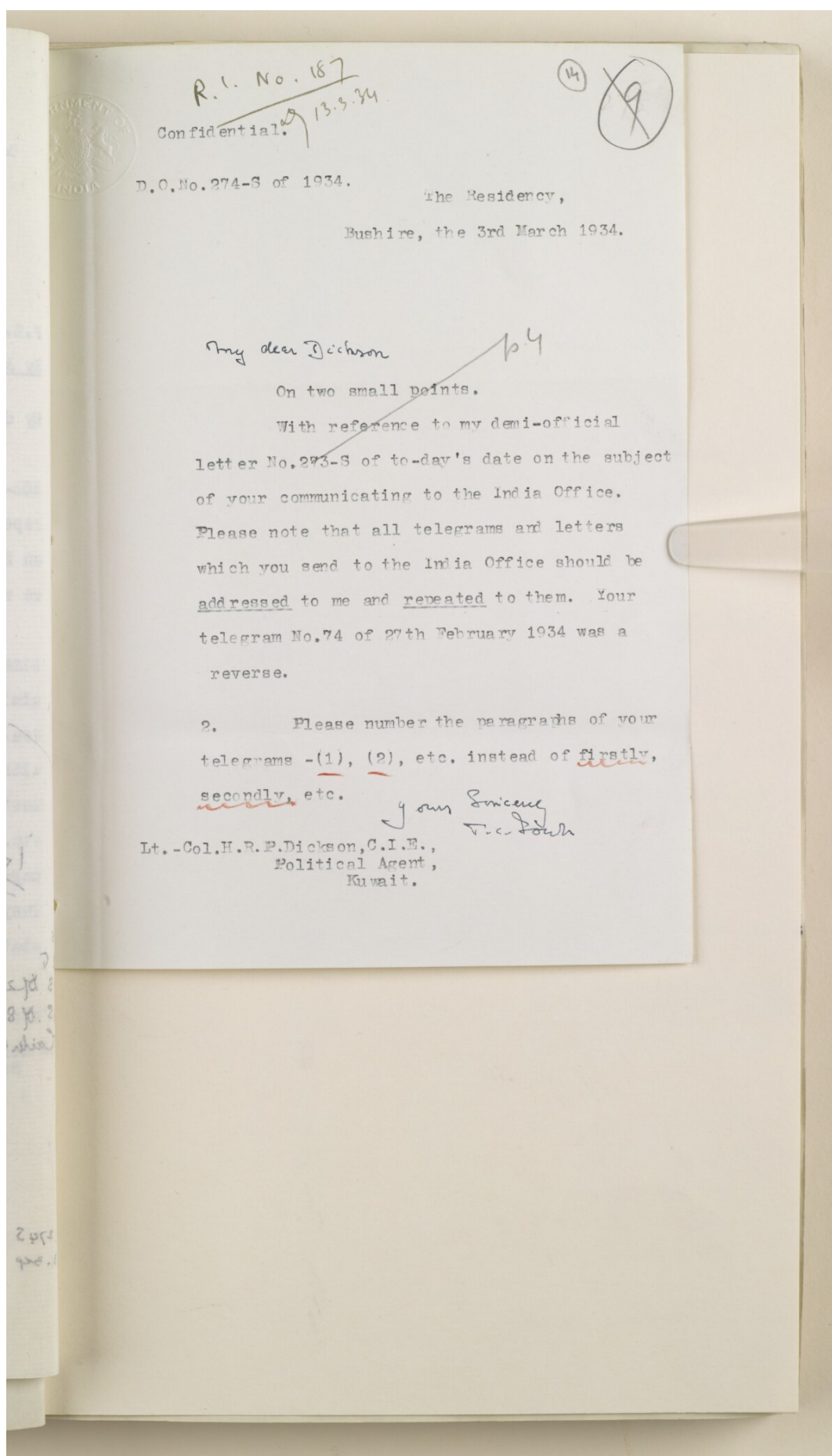
- (a) "No decision or approach to Bahrain
in any matter should be made by
Pol. Agent, with out reference to me" (PR)
- (b) PA's should "Express no opinion in
Communications to Sec of State India, until
he has ascertained actual trial of PR
maybe".

W
10.3.34

- (c). Address all Communications to PR
referring to India Office.
- (d). Number paras (1) (2) etc not Finally
Secured etc.

Do. 2745
3.3.34





R.I. No. 187
Confidential. 13.3.34.

(14) 9

D.O. No. 274-S of 1934.

The Residency,

Bushire, the 3rd March 1934.

My dear Dickson

b4

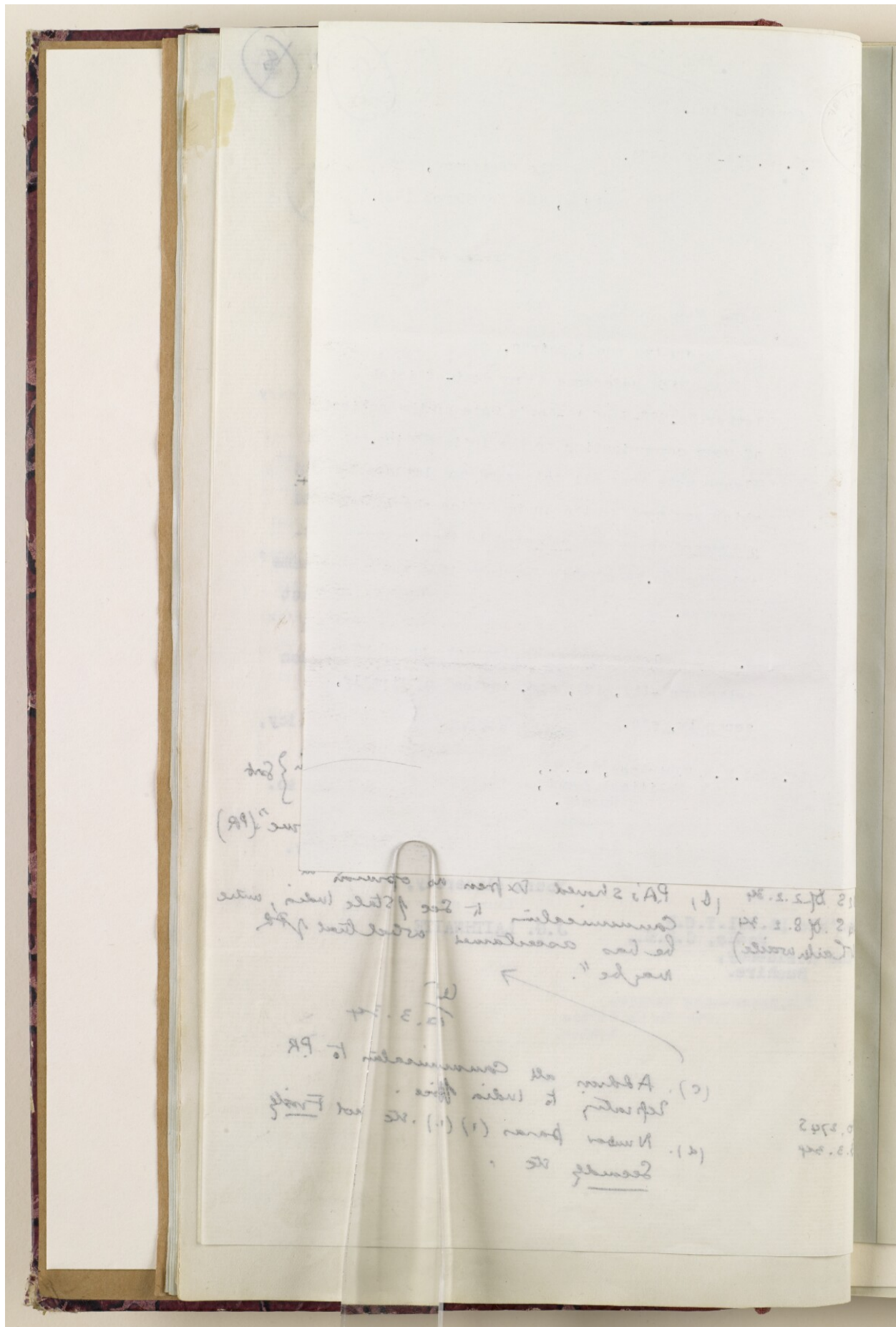
On two small points.

With reference to my demi-official letter No. 273-S of to-day's date on the subject of your communicating to the India Office. Please note that all telegrams and letters which you send to the India Office should be addressed to me and repeated to them. Your telegram No. 74 of 27th February 1934 was a reverse.

2. Please number the paragraphs of your telegrams - (1), (2), etc. instead of firstly, secondly, etc.

Yours Sincerely
F. C. Pown

Lt.-Col. H. R. P. Dickson, C.I.E.,
Political Agent,
Kuwait.





W/ 10.3.24 R.I. No. 195 17.3.24. (15) 16

KUWAIT OIL COMPANY, LIMITED.

KUWAIT,

PERSIAN GULF, 9th March. 1934

No. _____

Sir,

We have the honour to inform you that our London principals advise us that an agreement between His Majesty's Government and the Kuwait Oil Company Limited was signed in London on 5th March 1934; they also advise us that His Majesty's Government has telegraphed particulars of this agreement to the Hon'ble the Political Resident, who has informed His Excellency the Shaikh of Kuwait of its substance.

We wish to insert certain references to the above agreement in our draft concession (as forwarded to you on 22nd February) now under discussion with His Excellency. But it is impracticable to do this until His Excellency is aware of the contents of that agreement.

We should therefore be much obliged if you could inform us whether the contents of that agreement have yet been communicated to His Excellency or, alternatively, when we may expect that this will be done.

We have the honour to be,

Sir,

Your obedient servants.

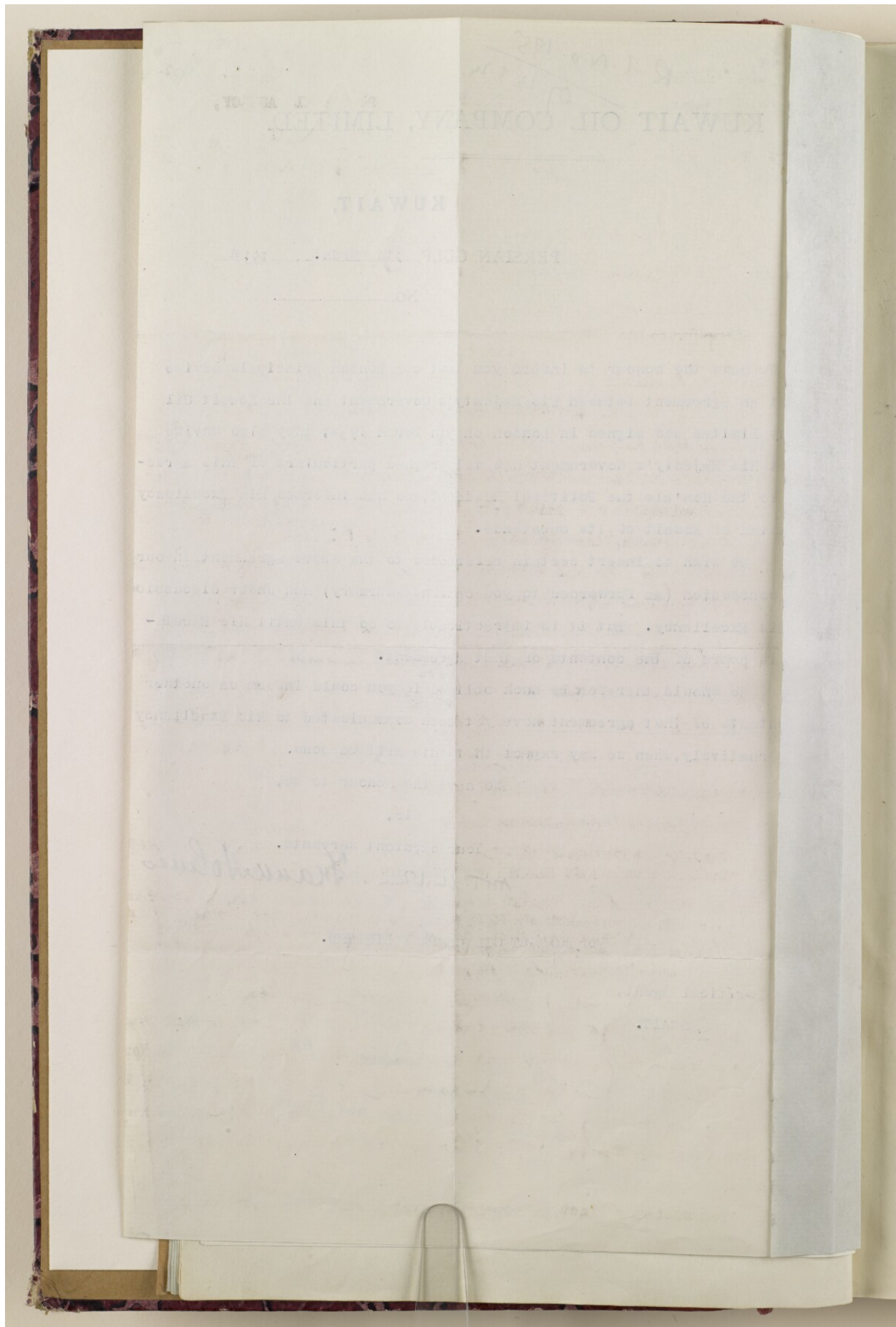
Mr. Wiseman. Frank Holmes

For KUWAIT OIL COMPANY LIMITED.

To The Political Agent,

KUWAIT.

File





CONFIDENTIAL.

POLITICAL AGENCY,

No. C-94.

KUWAIT.

Dated the 12th March 1934.

To

Messrs: The Kuwait Oil Company Ltd.,

K U W A I T .

Gentlemen,

In reply to your letter No. Nil of 9th March 1934, I have the honour to inform you that the text of the Political Agreement between His Majesty's Government and the Kuwait Oil Company, Ltd., which you state was signed on 5th March 1934, in London, has not as yet been received by me.

2. On the 14th February 1934, under his letter No. 179-S, dated the 12th February 1934, I, however, received from the Hon'ble the Political Resident copy of telegram No. 337, dated 7th February 1934 from the Secretary of State for India, London, in which the substance (in general terms only) of the said Political Agreement, was conveyed to the Political Resident.

3. On the 21st February 1934, the Hon'ble the Political Resident telegraphed as follows to me:

"My telegram T.44.

"Formal permission received from His Majesty's Government that Shaikh may commence negotiations.

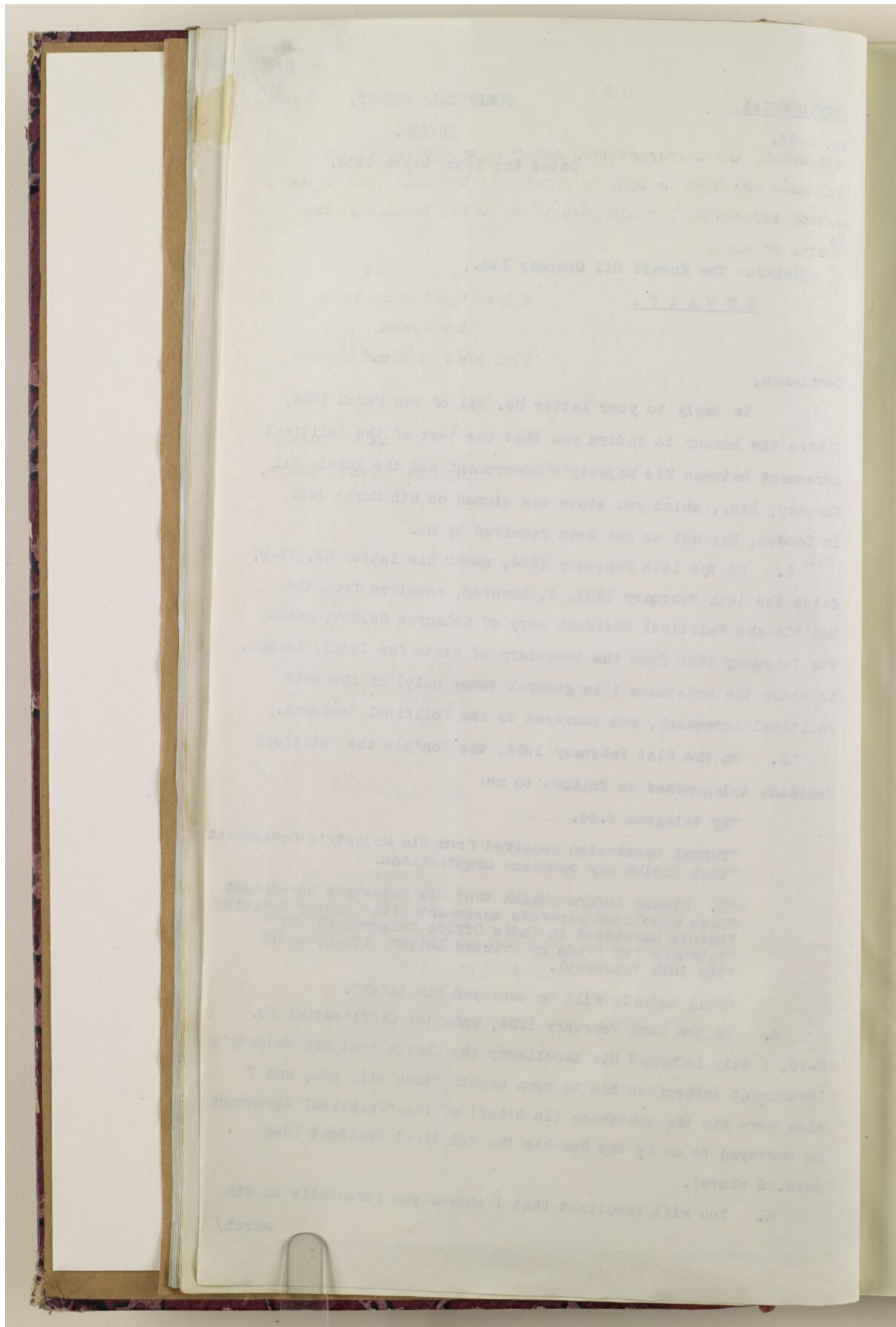
"2. Please inform Shaikh that His Majesty's Government have concluded separate agreement with Company covering points mentioned in India Office telegram 337 of February 7th (Vide my Printed Letter, 179-S, dated the 12th February).

"Full details will be conveyed him later".

4. On the 22nd February 1934, under my Confidential No. C-70, I duly informed His Excellency the Shaikh that His Majesty's Government authorized him to open negotiations with you, and I also gave him the substance (in brief) of the "Political Agreement as conveyed to me by the Hon'ble the Political Resident (See para. 2 above).

5. You will recollect that I showed you personally on 8th

March/





- 2 -

(11) X2

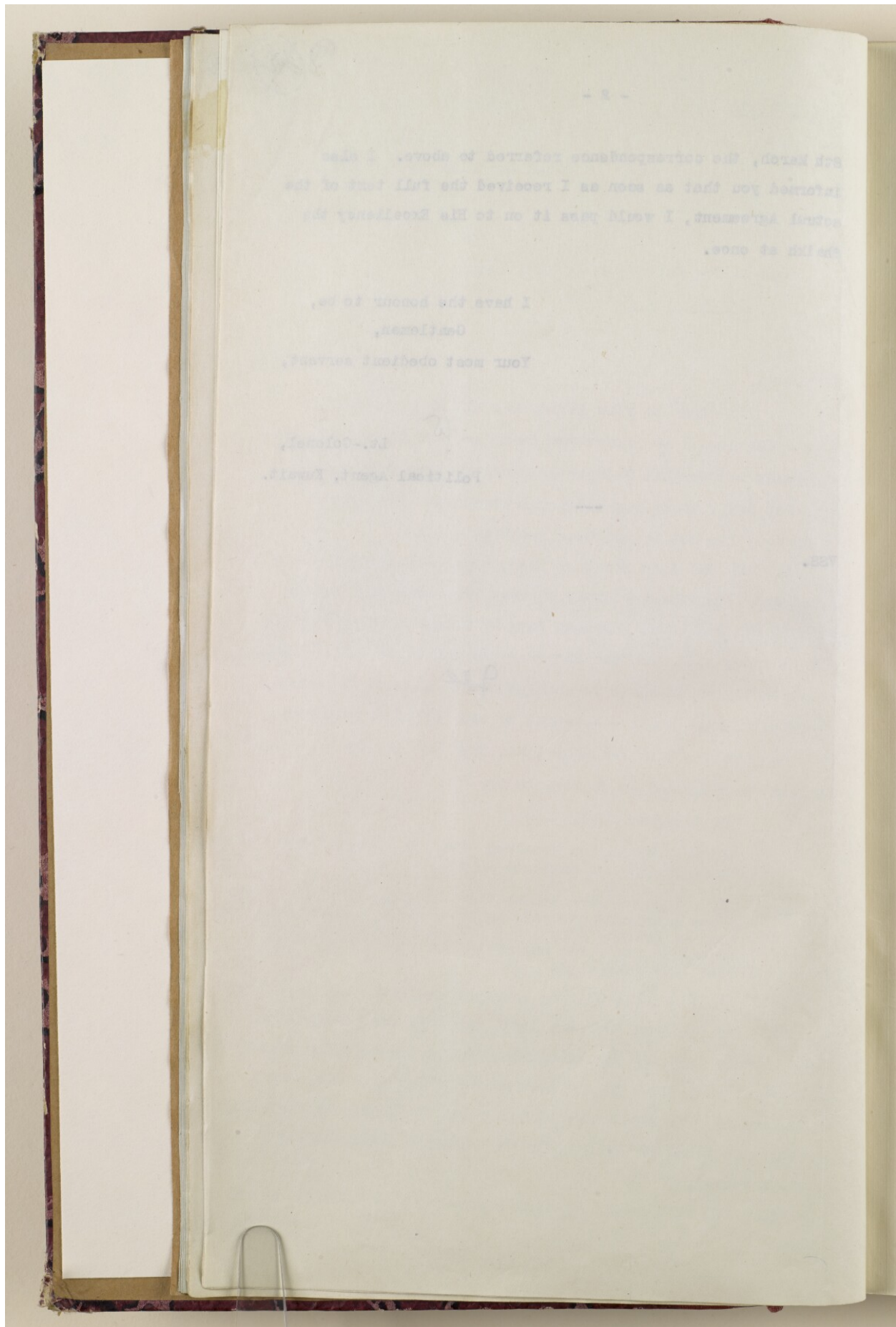
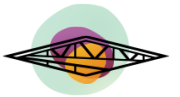
8th March, the correspondence referred to above. I also informed you that as soon as I received the full text of the actual Agreement, I would pass it on to His Excellency the Shaikh at once.

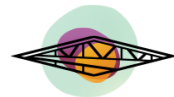
I have the honour to be,
Gentlemen,
Your most obedient servant,

W
Lt.-Colonel,
Political Agent, Kuwait.

VSS.

file





(18) 13

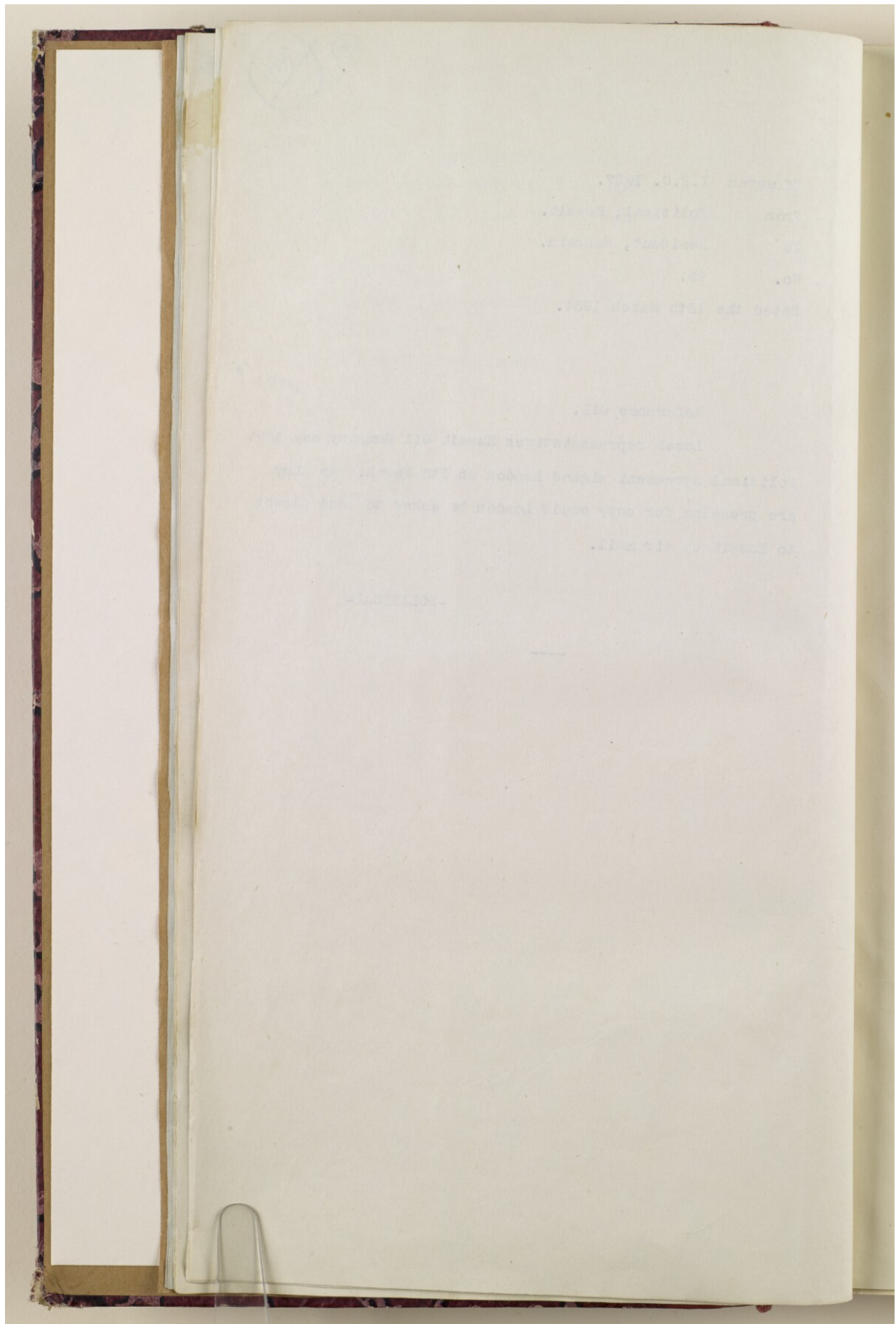
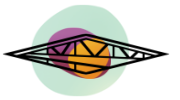
Telegram I.F.O. 1927.
From Political, Kuwait.
To Resident, Bahrain.
No. 95.
Dated the 12th March 1934.

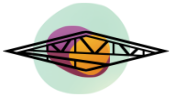
Reference Oil.

See p. 10

Local representatives Kuwait Oil Company say that Political Agreement signed London on 5th March. As they are pressing for copy could London be asked to send direct to Kuwait by air mail.

-POLITICAL-





R.I.No.199
16.3.34.

(19) (14)

Telegram I.F.O. 1927.

From Resident, at Bahrain.

To Political, Kuwait.

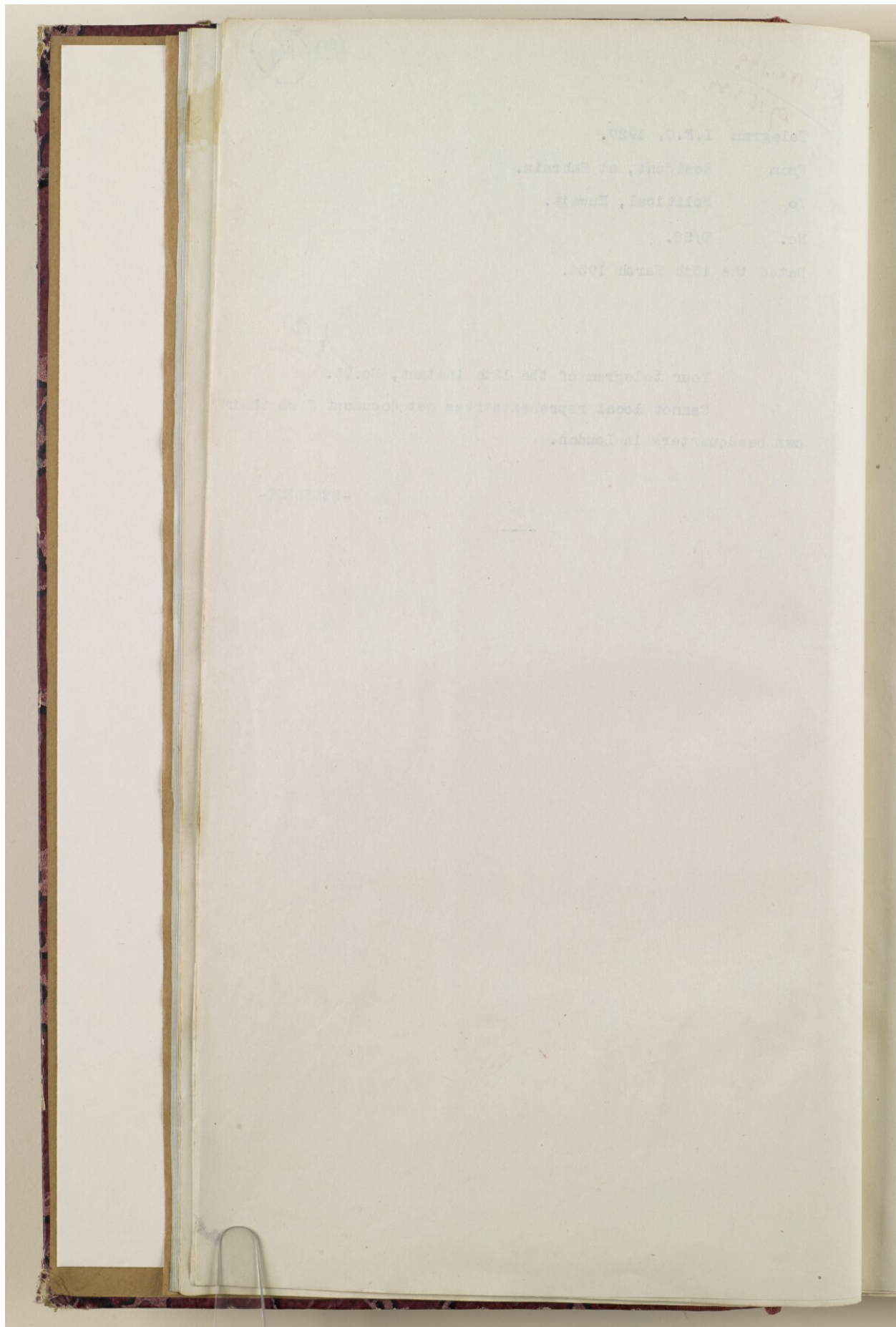
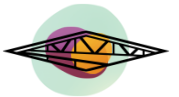
No. T/58.

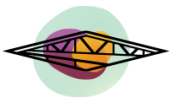
Dated the 15th March 1934.

Your telegram of the 12th instant, No.95.

Cannot local representatives get document from their
own headquarters in London.

-RESIDENT-





Telegram I.F.O.1927.

From Resident at Bahrain.

To Political, Kuwait.

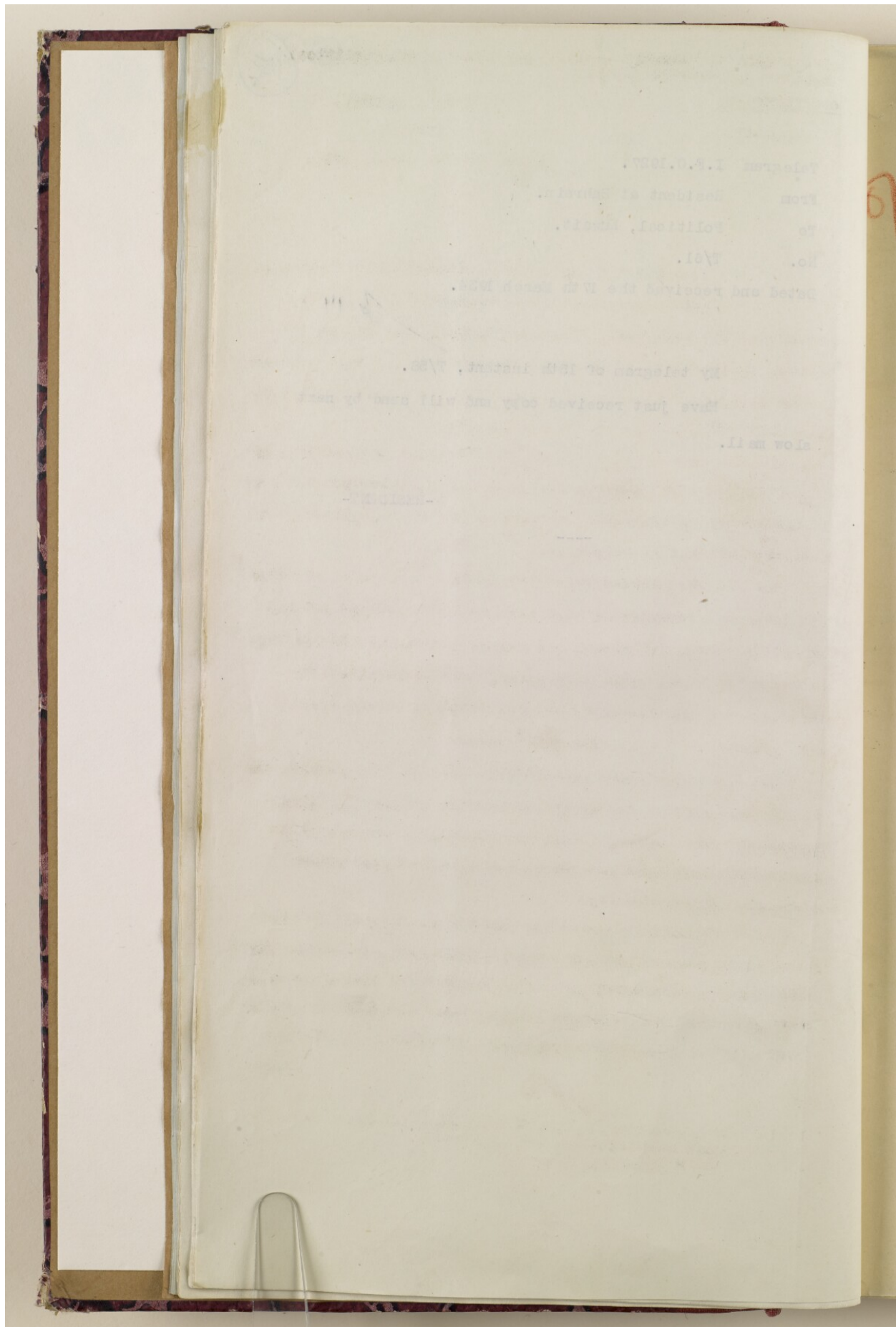
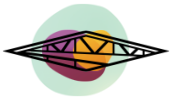
No. T/61.

Dated and received the 17th March 1934.

My telegram of 15th instant, T/58.

Have just received copy and will send by next
slow mail.

-RESIDENT-





By Air Mail to Bahrain to catch the Hon'ble the Political Resident en route to India.

CONFIDENTIAL.

POLITICAL AGENCY,

D.O.No.C-97.

KUWAIT.

Dated the 14th March 1934.

My dear Fowle

Progress of Kuwait Oil Company's Negotiations.

In continuation of my Confidential D.O.No.C-84, dated the 1st March 1934, I am sending this down to you to Bahrain by the hand of Imperial Airways pilot, so that you can get an idea how Chisholm and Holmes have progressed with their new draft "Concession" since they arrived.

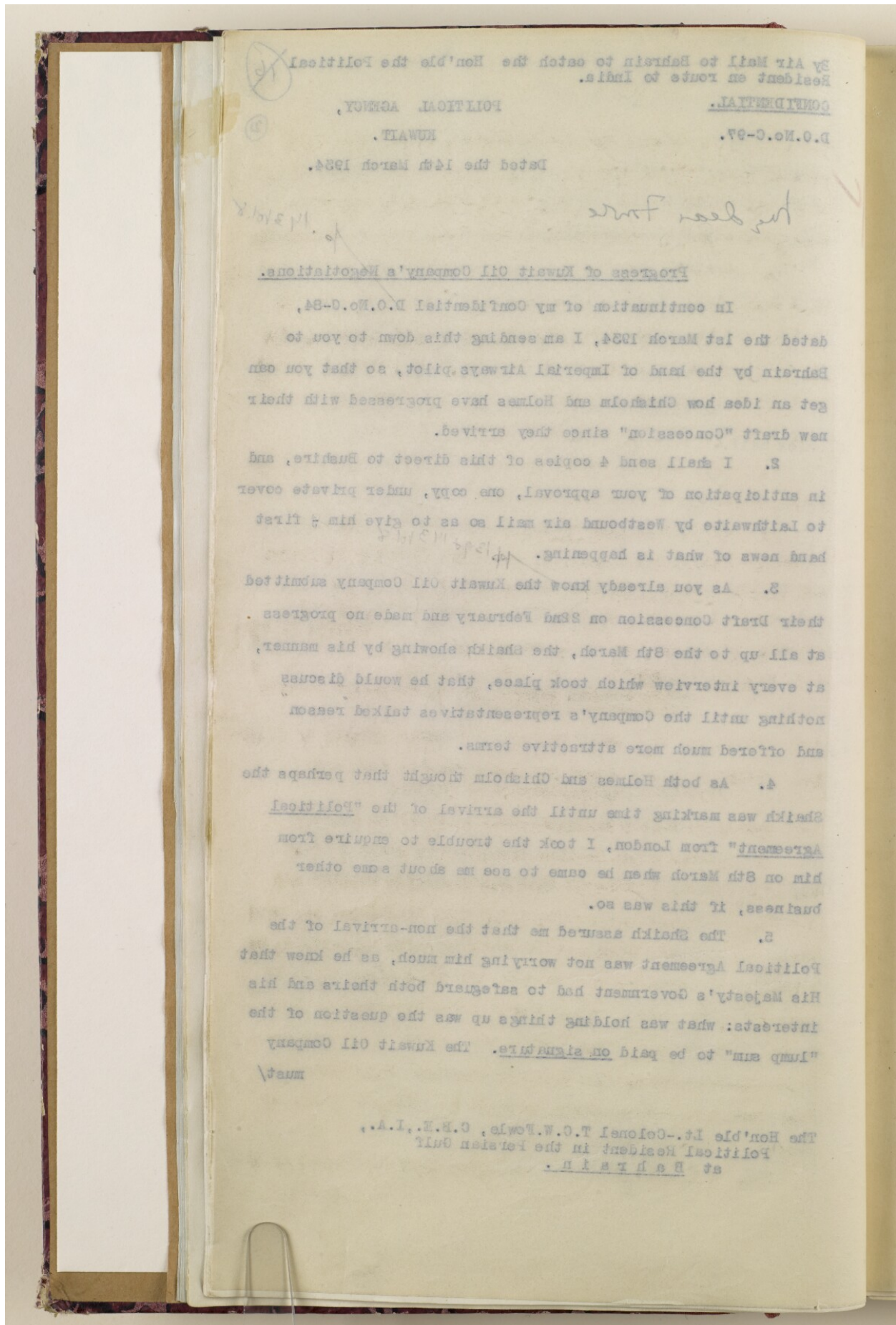
2. I shall send 4 copies of this direct to Bushire, and in anticipation of your approval, one copy, under private cover to Laithwaite by Westbound air mail so as to give him a first hand news of what is happening.

3. As you already know the Kuwait Oil Company submitted their Draft Concession on 22nd February and made no progress . at all up to the 8th March, the Shaikh showing by his manner, at every interview which took place, that he would discuss nothing until the Company's representatives talked "reason" and offered much more attractive terms.

4. As both Holmes and Chisholm thought that perhaps the Shaikh was marking time until the arrival of the "Political Agreement" from London, I took the trouble to enquire from him on 8th March when he came to see me about some other business, if this was so.

5. The Shaikh assured me that the non-arrival of the Political Agreement was not worrying him much, as he knew that His Majesty's Government had to safeguard both theirs and his interests: what was holding things up was the question of the "lump sum" to be paid on signature. The Kuwait Oil Company must/

The Hon'ble Lt.-Colonel T.C.W.Fowle, C.B.E., I.A.,
Political Resident in the Persian Gulf
at Bahrain.





- 2 -

must, he said, offer a reasonable figure, or he would have none of them. There were one or two other small items which he wished to get altered in the Draft Agreement, but these were unimportant as compared with the "lump sum" on signature.

6. The same evening I suggested to Chisholm and Holmes that they might, instead of beating about the bush with the Shaikh, ask him point blank what he wanted and thought a fit figure for them to offer, as if they could get that, it would be a distinct advance, on what was happening, and they could then start beating him down to a reasonable figure.

7. They took my advice on Saturday, 10th March, and the Shaikh promised to give them his figures later.

8. Yesterday, 13th March, the Shaikh sent for Mohamed Yatim and handed him a sheet of paper for delivery to Holmes and Chisholm containing his terms. These were as follows:

- (a) Initial payment, Rs.550,000/- instead of Rs.200,000/- offered by Coy.
- (b) Rental Rs.120,000/- instead of Rs.65,000/- " " "
- (c) Royalty Rs. 3/12/- " " Rs.2/10/- " " "
(with minimum payment of Rs. 250,000/- instead of Company's Rs.200,000)
- (d) Export Tax of 5 annas instead of 2 annas offered by Company.
- (e) Shaikh to have a Local Representative to deal with Company's Representatives in Kuwait;
- (f) Shaikh to have a Representative on Board in London.

9. During a few minutes conversation which I later had with Holmes, I gathered that the Rs.3/12/- Royalty and the 5 annas Export Tax was the thing that frightened him most about the Shaikh's figures. It would be quite impossible, he said, for the Company to accept the Shaikh's figures, as if agreed to, it would prevent any Oil being marketable. Both he and Chisholm (who later joined us) seemed rather pleased than otherwise to get the Shaikh's figures. They seemed to feel that they had something to start on atleast. They, of course, intend to bargain downwards.

10. I myself think the main thing that now counts is the
initial/



- 3 -

(23)

18

initial payment on signature ('a' above): but I do not think the Shaikh will accept anything below Rs. 450,000. This, of course, is my private view only.

I also think that provided the Company can get the Shaikh to agree to something reasonable as regards Royalty and Export Tax ('c' above), they should not waste time about the "initial figure", but should act big and generously. It is most important to my mind to arrive at a quick decision. Holmes, I believe, thinks, as I do, though Chisholm appears to be more keen on bargaining. In this matter I value Holmes opinion more than that of Chisholm, as he knows much more of the Shaikh's psychological "make up".

11. I have a shrewd suspicion that perhaps both Holmes and Chisholm think that I have been giving the Shaikh advice; needless to say I have done nothing of the kind. I am leaving him entirely to himself at present.

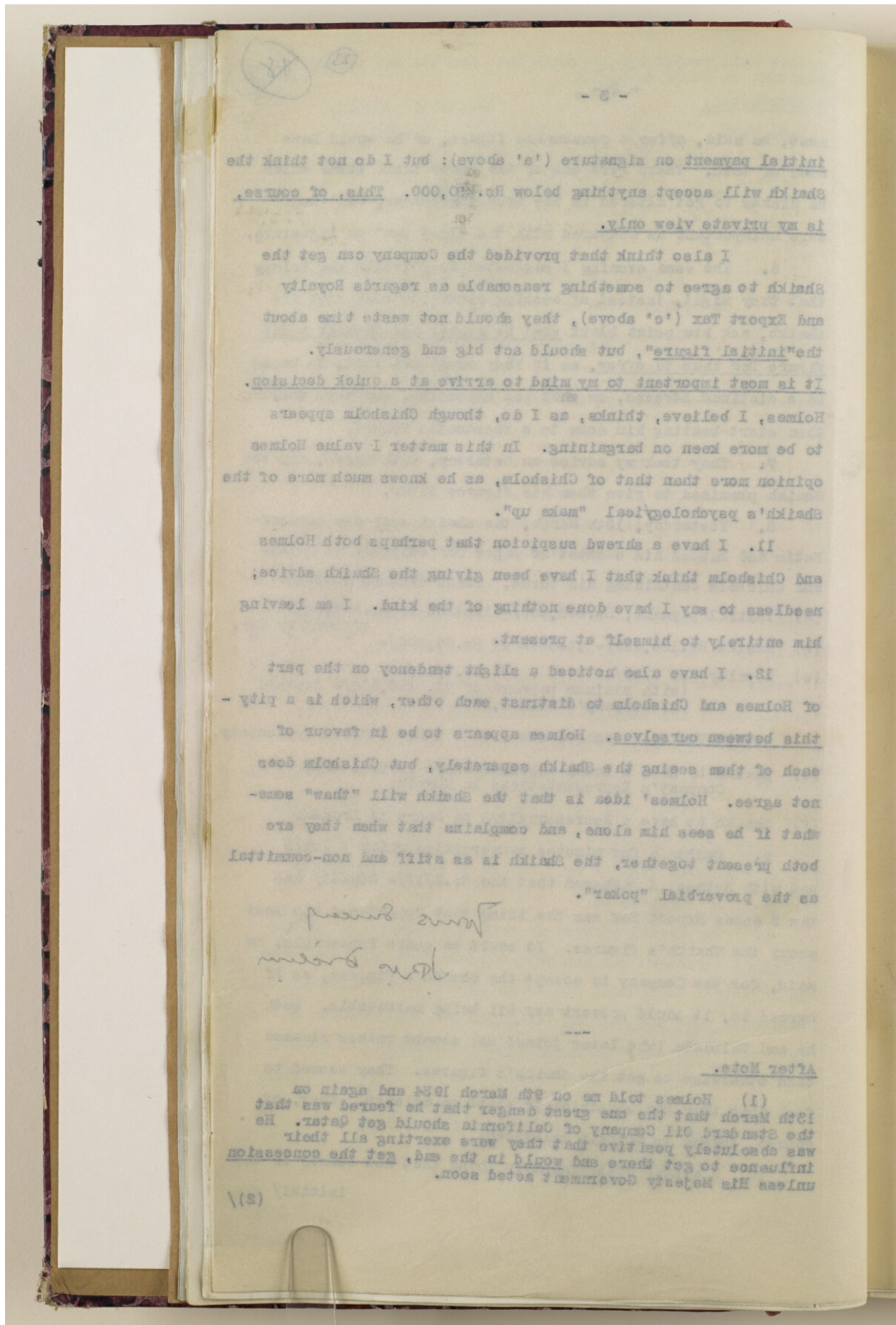
12. I have also noticed a slight tendency on the part of Holmes and Chisholm to distrust each other, which is a pity - this between ourselves. Holmes appears to be in favour of each of them seeing the Shaikh separately, but Chisholm does not agree. Holmes' idea is that the Shaikh will "thaw" somewhat if he sees him alone, and complains that when they are both present together, the Shaikh is as stiff and non-committal as the proverbial "poker".

Thos Smeaton
J. R. Dickson

After Note.

(1) Holmes told me on 9th March 1934 and again on 13th March that the one great danger that he feared was that the Standard Oil Company of California should get Qatar. He was absolutely positive that they were exerting all their influence to get there and would in the end, get the concession unless His Majesty Government acted soon.

(2)/





- 4 -

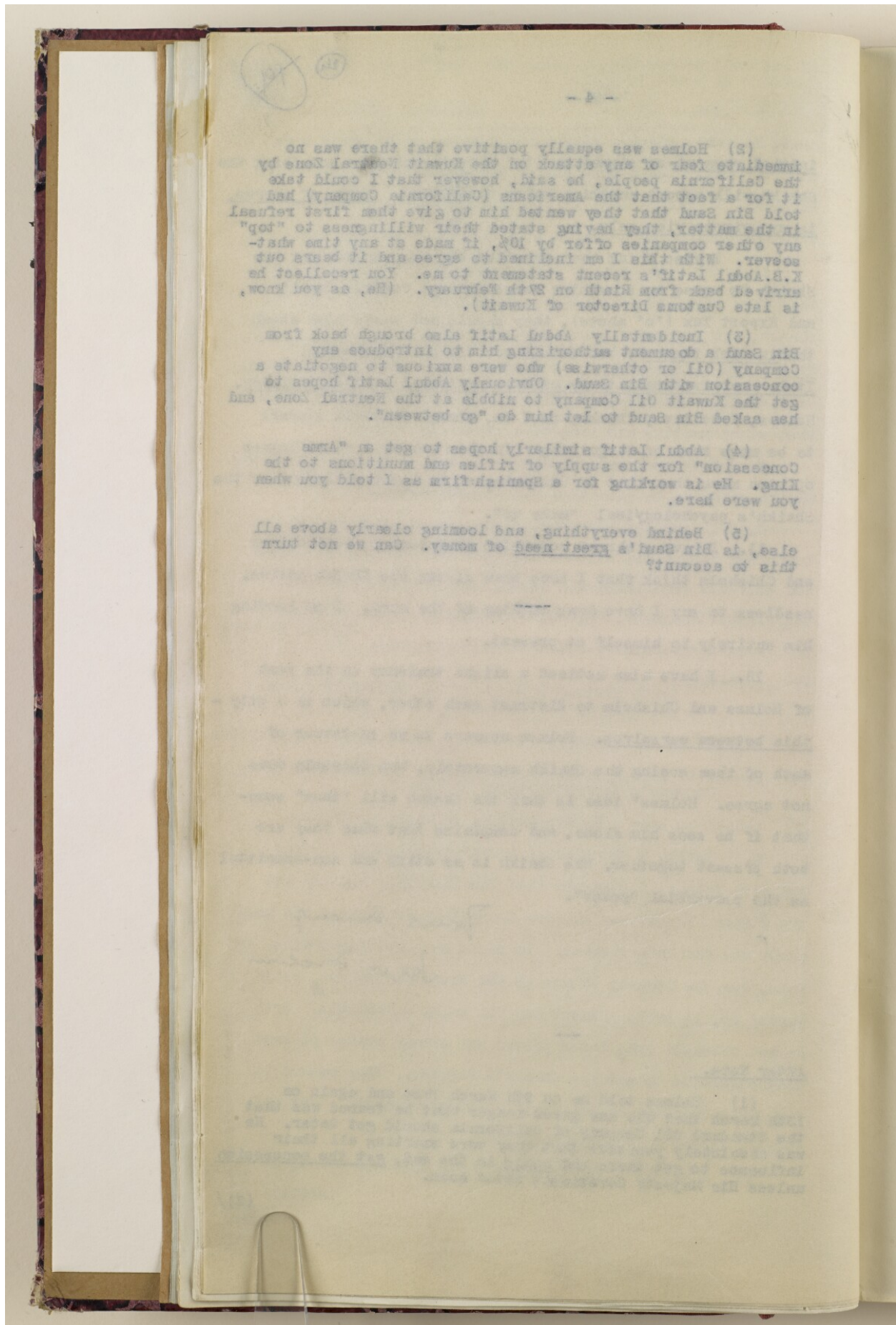
(11) ~~19~~

(2) Holmes was equally positive that there was no immediate fear of any attack on the Kuwait Neutral Zone by the California people, he said, however that I could take it for a fact that the Americans (California Company) had told Bin Saud that they wanted him to give them first refusal in the matter, they having stated their willingness to "top" any other companies offer by 10%, if made at any time whatsoever. With this I am inclined to agree and it bears out K.B. Abdul Latif's recent statement to me. You recollect he arrived back from Riath on 27th February. (He, as you know, is late Customs Director of Kuwait).

(3) Incidentally Abdul Latif also brought back from Bin Saud a document authorizing him to introduce any Company (Oil or otherwise) who were anxious to negotiate a concession with Bin Saud. Obviously Abdul Latif hopes to get the Kuwait Oil Company to nibble at the Neutral Zone, and has asked Bin Saud to let him do "go between".

(4) Abdul Latif similarly hopes to get an "Arms Concession" for the supply of rifles and munitions to the King. He is working for a Spanish firm as I told you when you were here.

(5) Behind everything, and looming clearly above all else, is Bin Saud's great need of money. Can we not turn this to account?





R.I.No. 197
27 16.3.34

(25)

(20)

Telegram I.F.O.Ex.1930.
From Retaxandum, London.
To Political, Kuwait.
No. 692.
Dated the 14th March 1934.

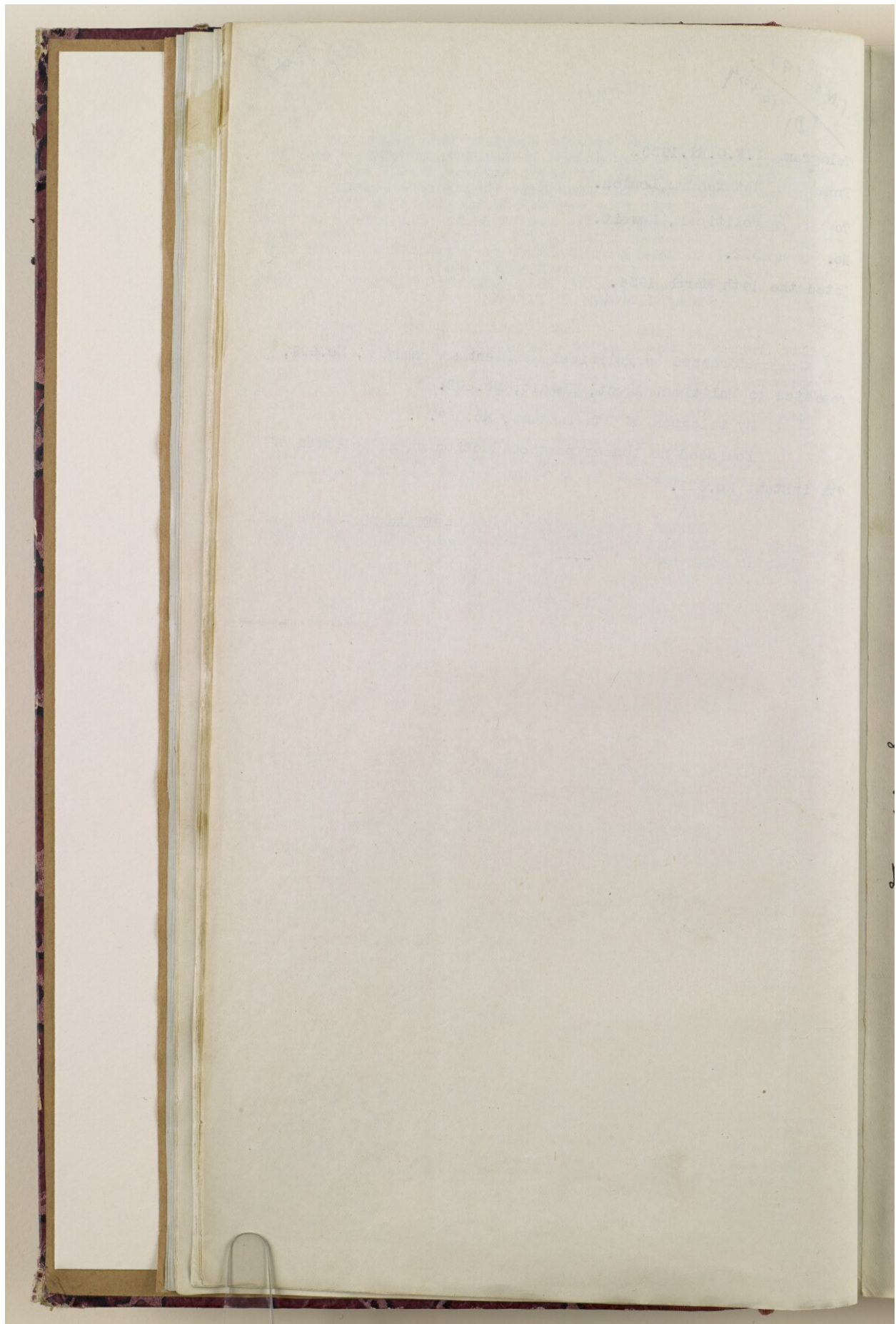
Addressed to Political Resident at Bahrain, No.691,
repeated to Political Agent, Kuwait, No.692.

My telegram of 8th instant, No.657.

You need no longer postpone action on my telegram of
7th instant No.621.

-RETAXANDUM-

p.1





V1.

R.L. No. 200
17.3.34.

16 21

Telegram I.F.o.1927 1930-

From Resident at Bahrain.

To Political, Kuwait.

No. T/60.

Dated the 16th March 1934.

Addressed to Political Agent, Kuwait repeated to India Office, copy to Government of India by Air Mail. 16.20

India Office Telegram dated March 14, No.691.

Please take action accordingly.

-RESIDENT-

London tel
623 of 7.3.34
for para, second
+ third sentences.

London date
para 2.

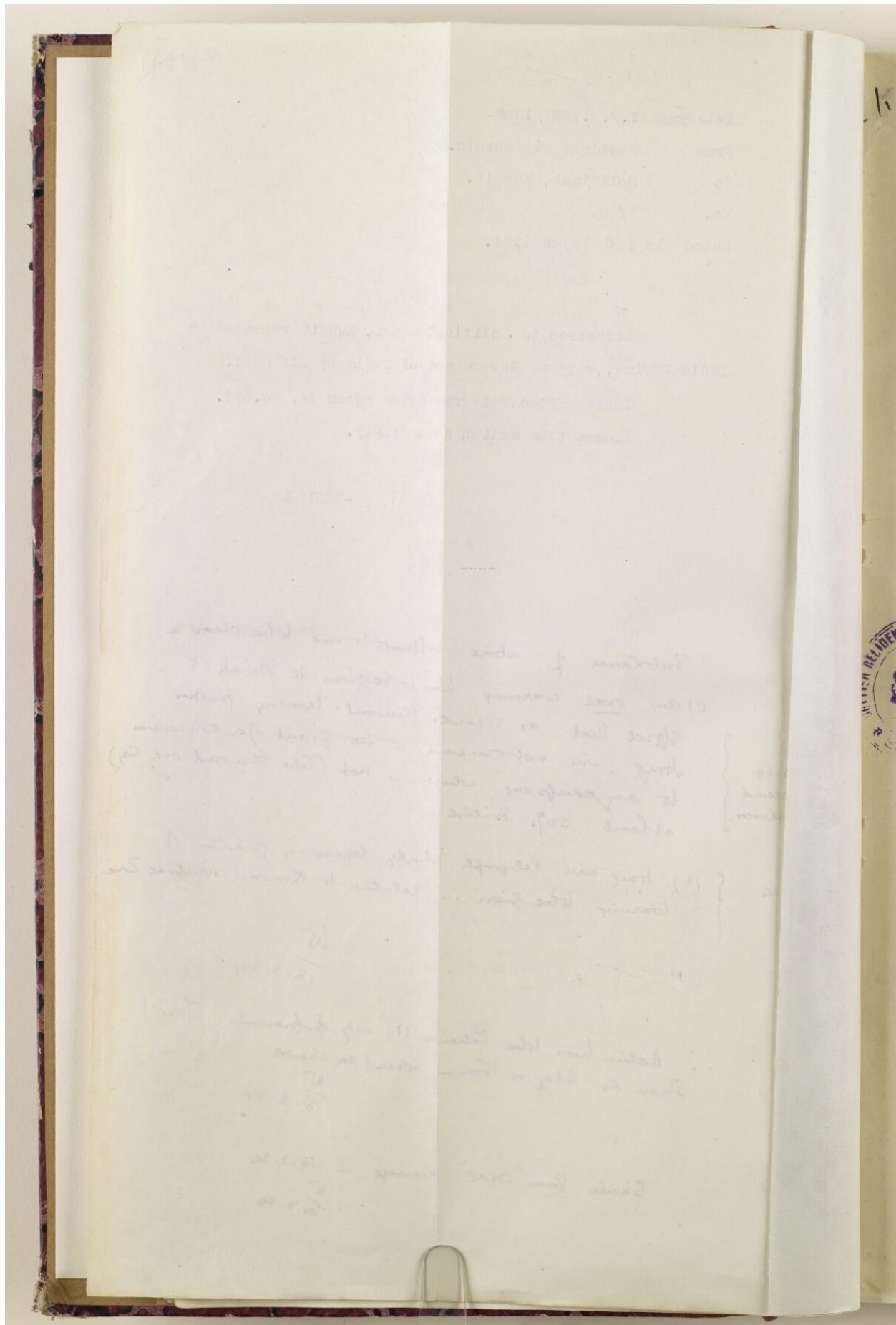
Substance of above appears to me to be clear -
(1) an oral warning has to be given to Sheikh to
stop him. as regards Kuwait-Territory proper
HMG will not consent to the grant of concession
to any company, which is not (like Kuwait oil Co.)
at least 50% British

(2). HMG will telegraph shortly regarding question of
warning to be given in relation to Kuwait-Neutral Zone.

W
18.3.34.

∴ Action has to be taken on (1) as above. This I
shall do today or tomorrow when see Sheikh
W
18.3.34

Sheikh given "oral" message on 19.3.34
W
22.3.34





CONFIDENTIAL. *R.I.No. 203* *17.3* *17* *19.3.34* *27* *22*

No. 283-S of 1934.

The Hon'ble the Political Resident in the Persian Gulf presents his compliments to

1. The Political Agent, Bahrain,
2. The Political Agent, Kuwait. ✓

and has the honour to transmit to him a copy of the undermentioned document (s) for information.

British Consulate-General,
BUSHIRE.

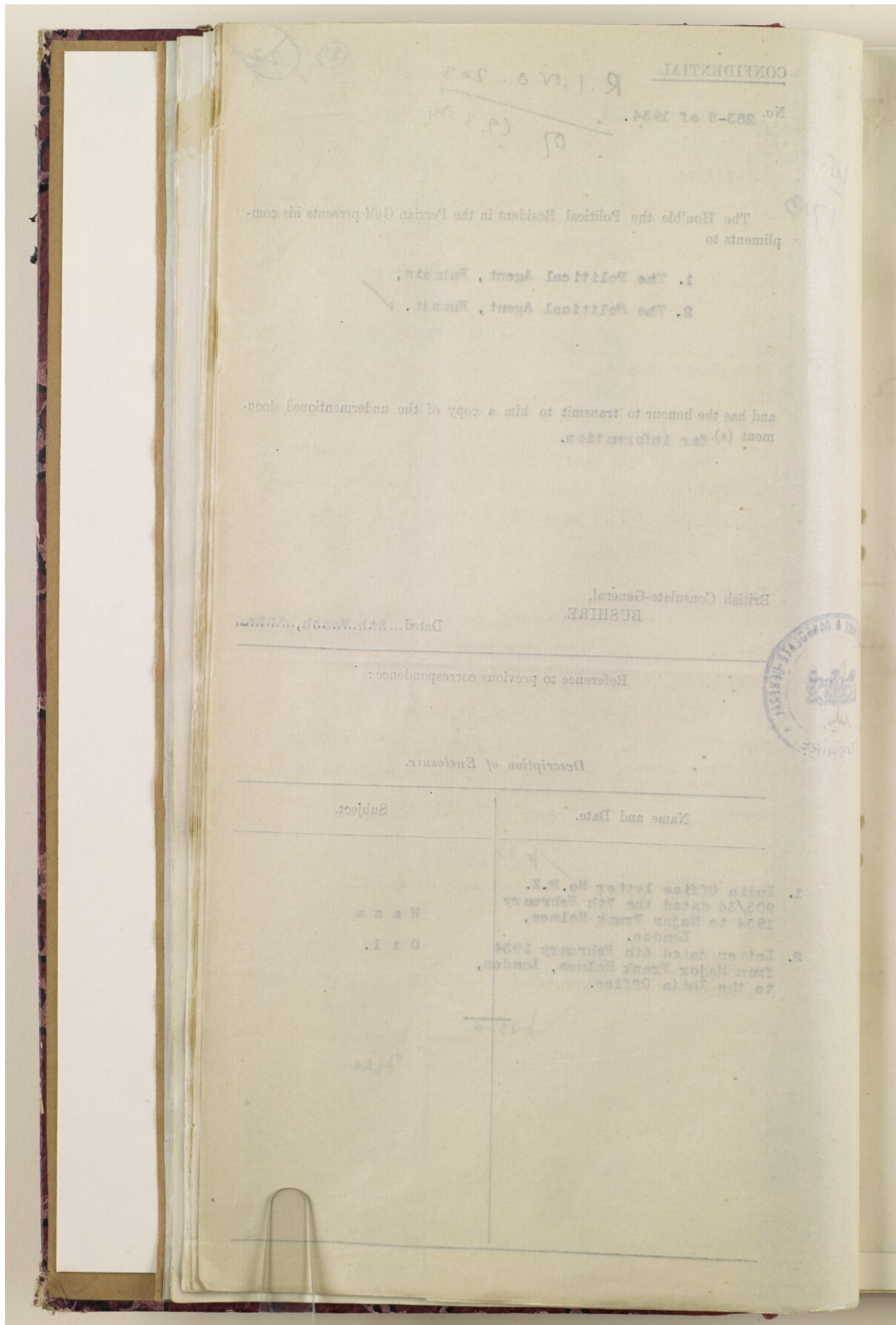
Dated...5th March, 1934.

Reference to previous correspondence :

Description of Enclosure.

Name and Date.	Subject.
1. India Office letter No.P.Z. 903/34 dated the 7th February 1934 to Major Frank Holmes, London.	H a s a
2. Letter dated 6th February 1934 from Major Frank Holmes, London, to the India Office.	O i l.

p.23 *p.23-A* *File*





P.Z.903/34.
Copy.

Balfour House,
119-125 Finsbury Pavement,
London, E.C.2.

6th February, 1934.

J.C. Laithwaite Esq.,
India Office,
Whitehall, S.W.

Dear Mr. Laithwaite,

As promised I send you herewith particulars of the terms and conditions of the Hasa Concession. These figures are full and authentic, except that I am not quite certain of the area but it approximates to 40,000 square miles.

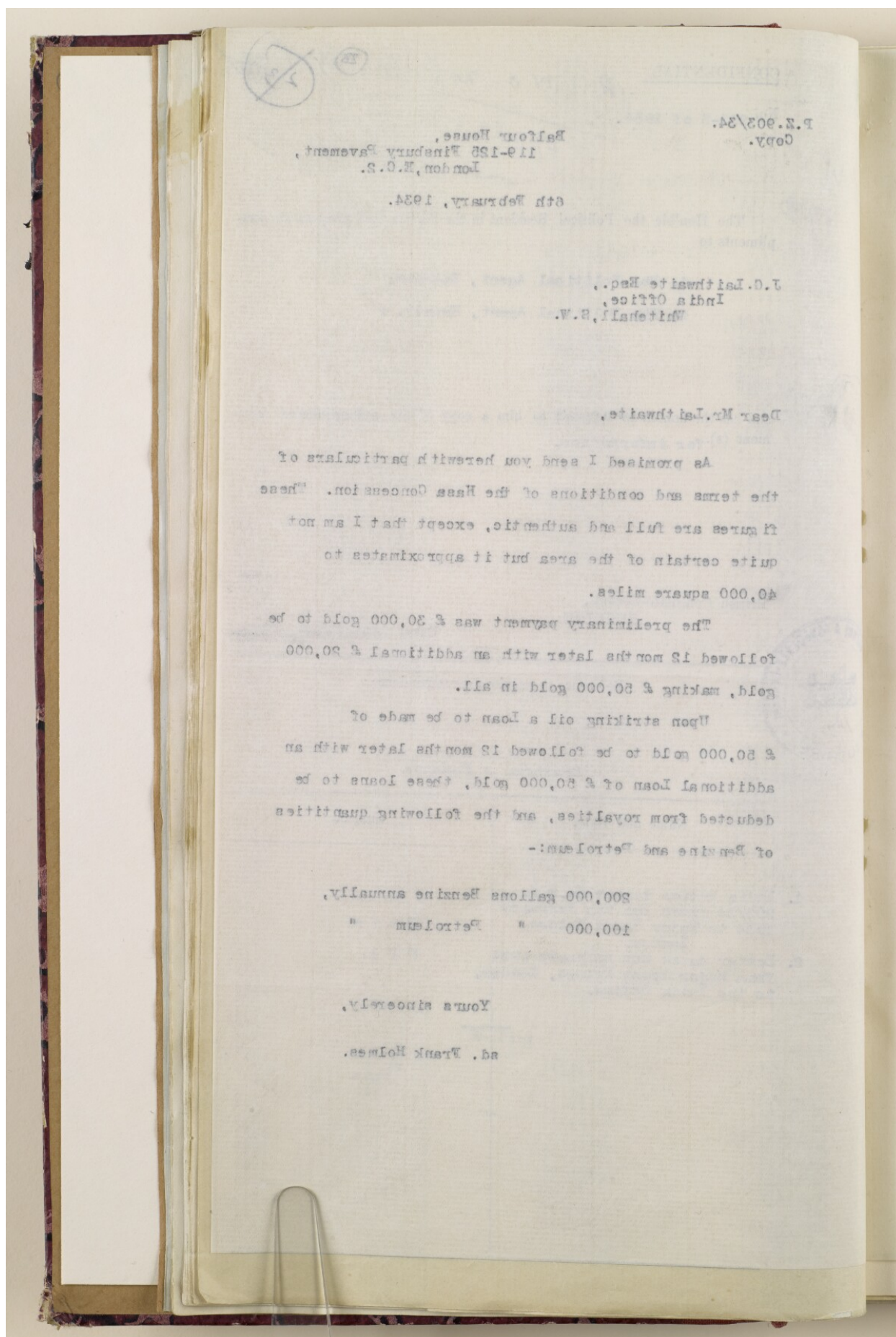
The preliminary payment was £ 30,000 gold to be followed 12 months later with an additional £ 20,000 gold, making £ 50,000 gold in all.

Upon striking oil a Loan to be made of £ 50,000 gold to be followed 12 months later with an additional Loan of £ 50,000 gold, these loans to be deducted from royalties, and the following quantities of Benzine and Petroleum:-

200,000	gallons	Benzine	annually,
100,000	"	Petroleum	"

Yours sincerely,

sd. Frank Holmes.





Copy.

P.Z.903/34.

India Office,

Whitehall, S.W.1.

7th February 1934.

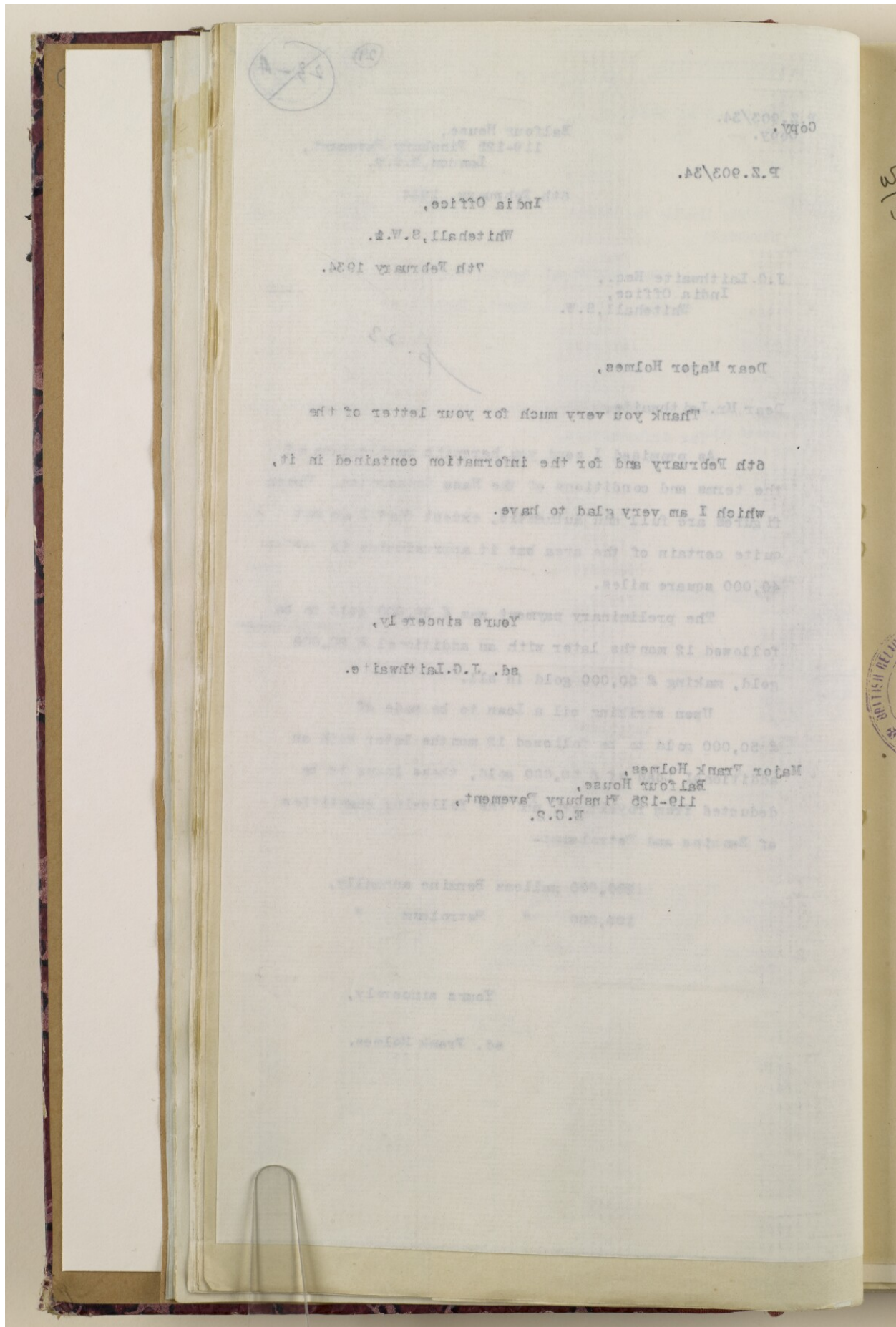
Dear Major Holmes,

Thank you very much for your letter of the
6th February and for the information contained in it,
which I am very glad to have.

Yours sincerely,

sd. J.G.Laithwaite.

Major Frank Holmes,
Balfour House,
119-125 Finsbury Pavement,
E.C.2.





By air mail
CONFIDENTIAL. *R-1. No. 214*
17.3.34 *17.3.34* *30* *24*

No. C/69 of 1934.

The Hon'ble the Political Resident in the Persian Gulf presents his compliments to

The Political Agent,

Kuwait,

and has the honour to transmit to him a copy of the undermentioned document (s).

Office of the Political Resident
in the Persian Gulf,
Camp Bahrain.

~~British Consulate General~~
~~BUSHR~~

p. 143 vol. 8

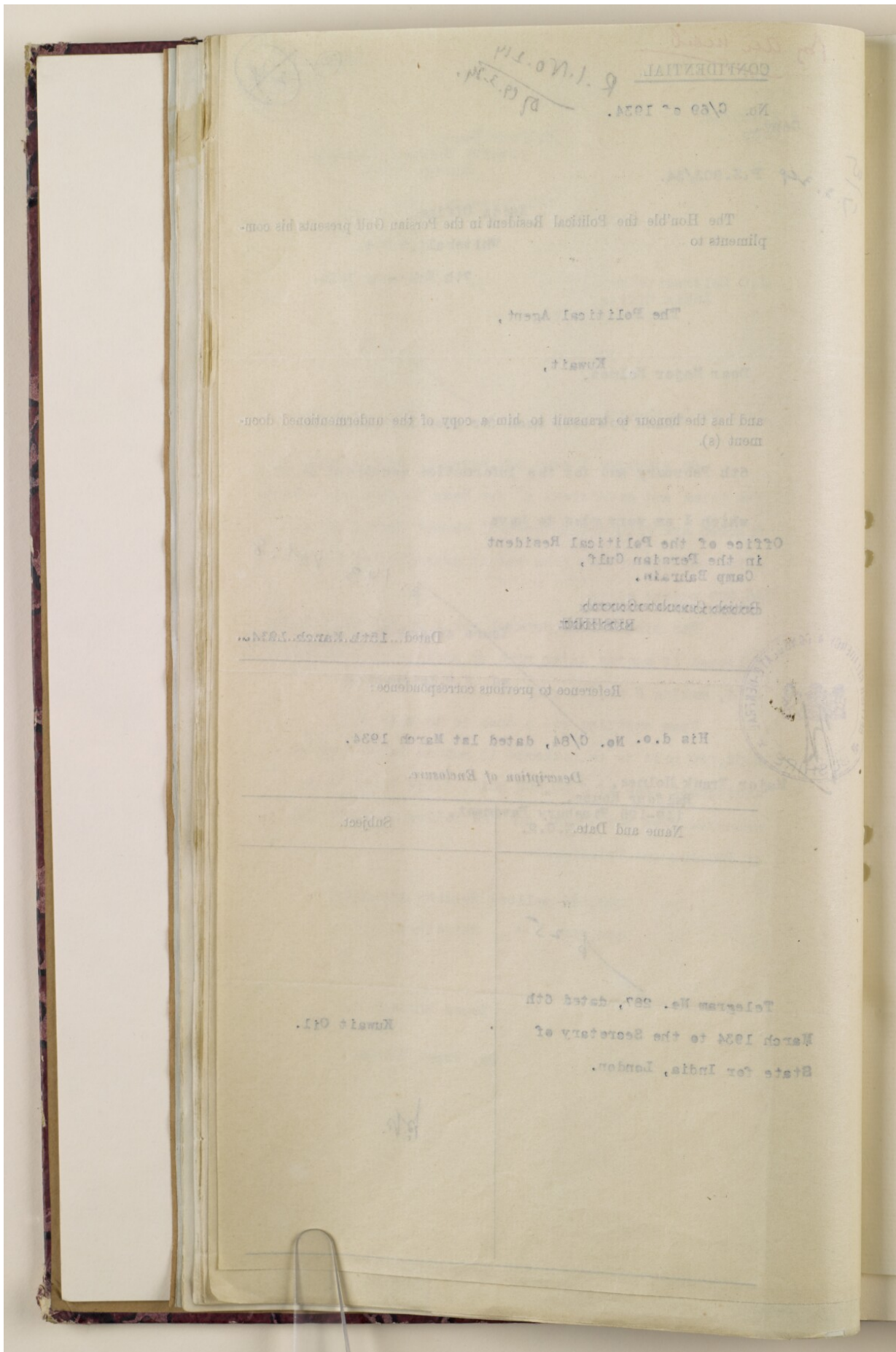
Dated...15th. March. 1934..

Reference to previous correspondence :

His d.o. No. C/84, dated 1st March 1934.

Description of Enclosure.

Name and Date.	Subject.
<i>p. 25</i> Telegram No. 287, dated 6th March 1934 to the Secretary of State for India, London.	Kuwait Oil. <i>b.p.</i>





Telegram XX.

From Political Resident, Bushire.

To H.M.'s. Secretary of State for India, London.

Copy by post to Government of India, Foreign and Political Department, New Delhi.

No. 287.

Dated the 6th March 1934.

Kuwait Oil.

Political Agent Kuwait reports that Shaikh is highly displeased with financial terms of Kuwait Oil Company (see paragraph 1 of my telegram No. 45 of 16th February) Rs. 200,000 as compared with four lacs offered last year by Anglo-Persian Oil Company. For this Shaikh has of course only himself to blame as he had ample warning from me that this might happen (see for instance. my letter No. 43 of 27th June 1933).

2. Shaikh is talking about "other oil companies" who might offer better terms. Action suggested in paragraph 3(b) of my telegram No. T/44 of 15th February and paragraph 2 of my telegram No. T/45 of 16th February should in my opinion be taken without delay.

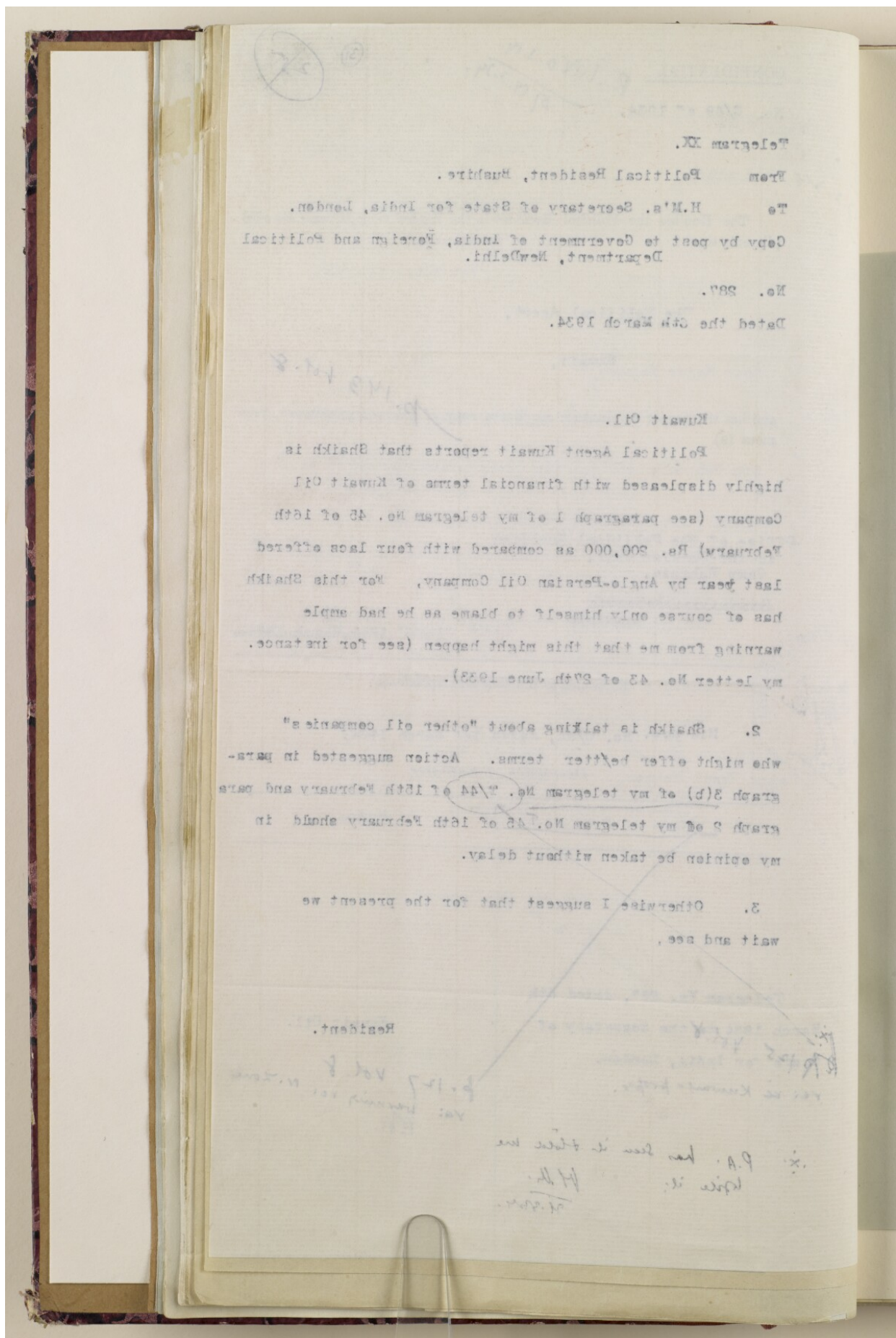
3. Otherwise I suggest that for the present we wait and see.

Resident.

125 Vol. 8
re: Kuwait - prop.

127 Vol. 8
re: warning re: N. Zone

P.A. has seen it told me
by him.
H.H.





D/O.
24 V/1

copy 2x10/12



R.I. NO. 216

19.3.34. 15th March 1934

My dear Nicholson

We started this morning for Delhi but had to return owing to bad weather reports from Hazeel; we are trying again tomorrow morning w. h.

This gives me time to write a long note to catch up on mail, which is fast closing, in reply to your D.O. No. 1-97 of yesterday.

In the regard to para 2. I am afraid that I do not approve of your sending a copy of your letter to Sirithavante. I have already said in another letter which goes to you of the mail that I do not like P.A.s writing officially or privately to authorities outside the Gulf on any affairs, and if you will look at the correspondence re your sending copies to the P.A.s you will see that I have only agreed to this on certain definite conditions. Please observe this carefully. Unless these conditions are observed what will happen is that the basis of strict correspondence between P.A.s



and which authorities will give and to President will
be reduced to a position of primary importance -
one P.A. amongst other P.A.s, which is most
undignified for many reasons. You need not
explain all this to him - I will write to
him myself.

Now that you have brought to my ^{and his} ~~my~~ ^{share}
together I ^{think} you must not take a hit and
be what will happen.

Ref. to Correspondence on financial matters

By being on official matters, such as his unhappy
history of nervous & to coming, I think it would
be better if you write me ^{officially} ~~officially~~, not
semi-officially, with a letter or enclosure
to the.

Yours truly
T. C. Dore

P.S. I ^{have} had no time to ^{have this typed -} ~~have this typed -~~
have this typed -

Could you please type a copy, and
let me have it for ^{record} ~~record~~.

File this with Correspondence
especially second letters direct
to London. W 17.6.33



CONFIDENTIAL.

D.O.No.C-102.

POLITICAL AGENCY,

KUWAIT.

Dated the 19th March 1934.

My dear Watts,

I am sending a copy of Political Resident's Demi Official letter No.Nil, dated the 15th March 1934, from Bahrain, which came this morning, for record, in your Office.

2. You might show it to Colonel Fowle on return together with this.

3. I should be most grateful also if you would express to Colonel Fowle on his return, my very sincere regrets that I sent a copy of my D.O.No.C-97 of 14th March direct to Laithwaite.

4. My idea of course was not to "short circuit" the Political Resident in any way, but as he was going to India, I thought some of my news especially that regarding the Shaikh's "money demands" from the Kuwait Oil Company, would be of use to Laithwaite. (I marked it private).

5. I am sorry to have erred, but believe me it was an error of judgement nothing more.

Yours sincerely,

W
9c H.L.

Major R.P.Watts, I.A.,
Secretary to the Hon'ble the
Political Resident in the Persian Gulf,
BUSHIRE.



Copy.

The Agency, Bahrain.

15th March 1934.

My dear Dickson,

We started this morning for Delhi but had to return owing to bad weather reports from Shargah: we are trying again tomorrow W.P.

This gives me time to write a hasty note to catch the Air Mail, which is just closing, in reply to your D.O.No.C-97 of yesterday.

With regard to para 2. I am afraid that I do not approve of your sending a copy of your letter to Laithwaite. I have already said in another letter which goes to you by this mail that I do not like P.As writing demi-officially or privately to authorities outside Gulf on Gulf affairs, and if you will look up the correspondence re: your sending copies to the I.O. you will see that I only agreed to this on certain definite conditions. Please observe these carefully. Unless these conditions are observed what will happen is that the habit of direct correspondence between P.A.'s and outside authorities will grow and the Resident will be reduced to a position of primus inter pares - one P.A. amongst other P.A.s which is most undesirable for many reasons. You need not explain all this to Laithwaite. I will write to him myself.

Now that you have brought the Company and the Shaikh together, I think you might sit back a bit and see what will happen.

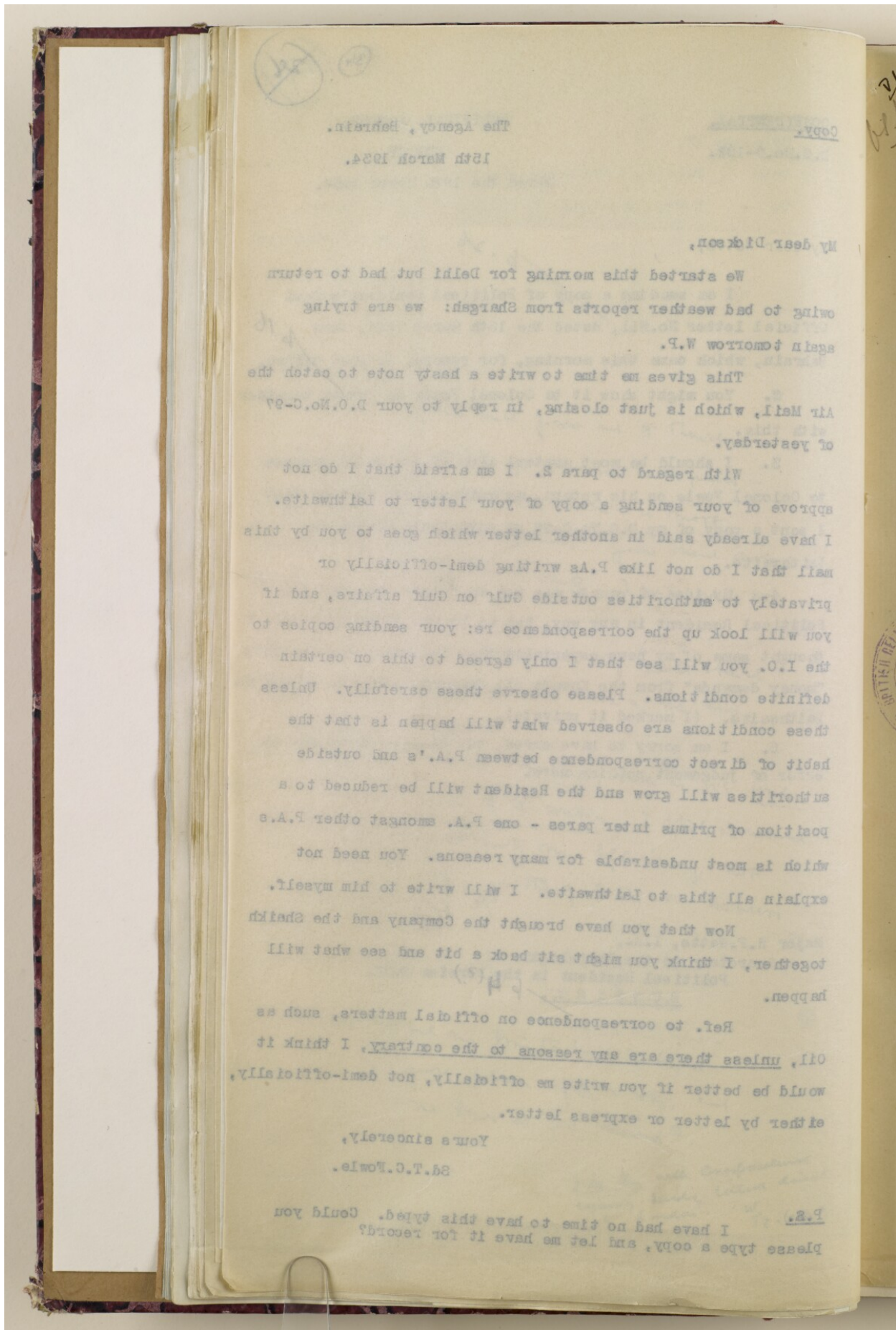
Ref. to correspondence on official matters, such as Oil, unless there are any reasons to the contrary, I think it would be better if you write me officially, not demi-officially, either by letter or express letter.

Yours sincerely,

Sd.T.C.Fowle.

P.S.

I have had no time to have this typed. Could you please type a copy, and let me have it for record?





21
22.3.34

CONFIDENTIAL.

R.N. 249
30.3.34

(35) (79)

No. C/73 of 1934.

The Hon'ble the Political Resident in the Persian Gulf presents his compliments to

The Political Agent,
Kuwait.

and has the honour to transmit to him a copy of the undermentioned document ~~(s)~~ for information.

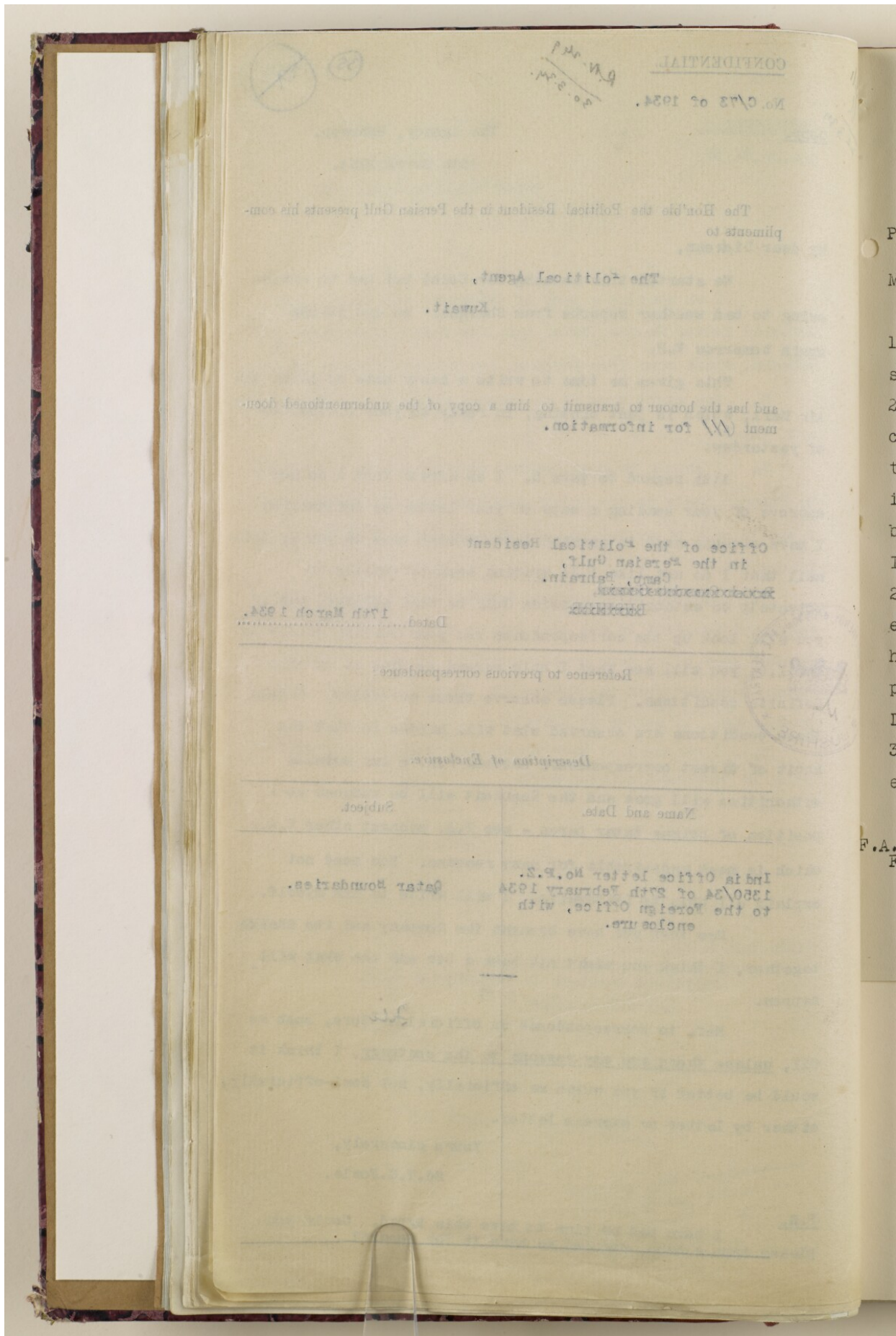
Office of the Political Resident
in the Persian Gulf,
Camp, Bahrain.
~~British Consulate General,~~
~~Bahrain.~~

Dated... 17th March 1934.

Reference to previous correspondence:

Description of Enclosure.

Name and Date.	Subject.
India Office letter No. P.Z. 1350/34 of 27th February 1934 to the Foreign Office, with enclosure.	Qatar Boundaries.
	File





INDIA OFFICE,

WHITEHALL, S.W. 1.

P.Z.1350/34.

27th February 1934.

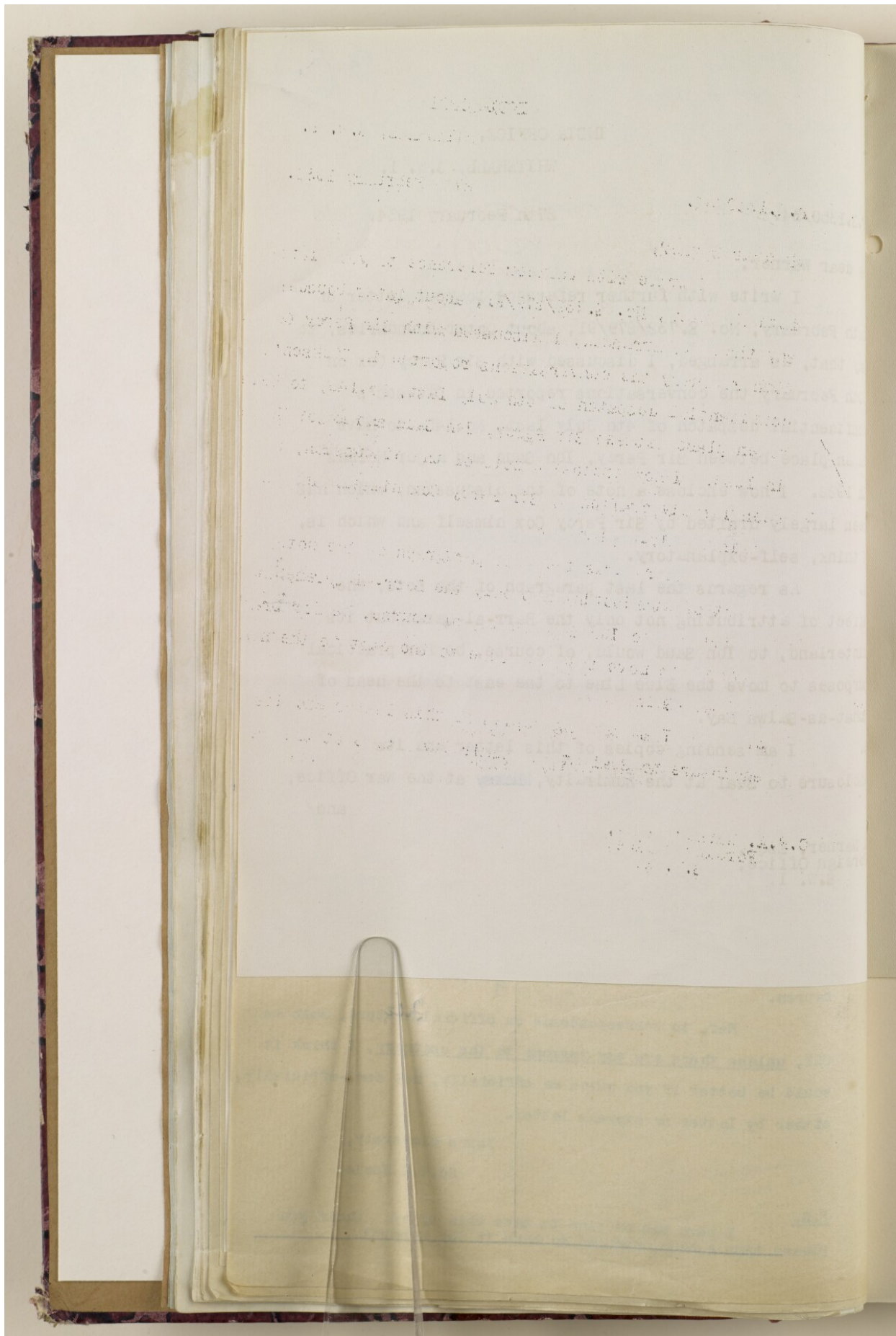
My dear Warner,

I write with further reference to your letter of 12th February, No. E.732/279/91, about Qatar boundaries, to say that, as arranged, I discussed with Sir Percy Cox on 20th February the conversations reported in Dickson's confidential despatch of 4th July last, No.143, to have taken place between Sir Percy, Ibn Saud and Major Holmes in 1922. I now enclose a note of the discussion, which has been largely drafted by Sir Percy Cox himself and which is, I think, self-explanatory.

2. As regards the last paragraph of the note, the effect of attributing not only the Barr-al-Qarah, but its hinterland, to Ibn Saud would, of course, be for practical purposes to move the Blue Line to the east to the head of Dohat-as-Salwa Bay.

3. I am sending copies of this letter and its enclosure to Seal at the Admiralty, Mackay at the War Office, and/

F.A. Warner, Esq.,
Foreign Office,
S.W. 1.

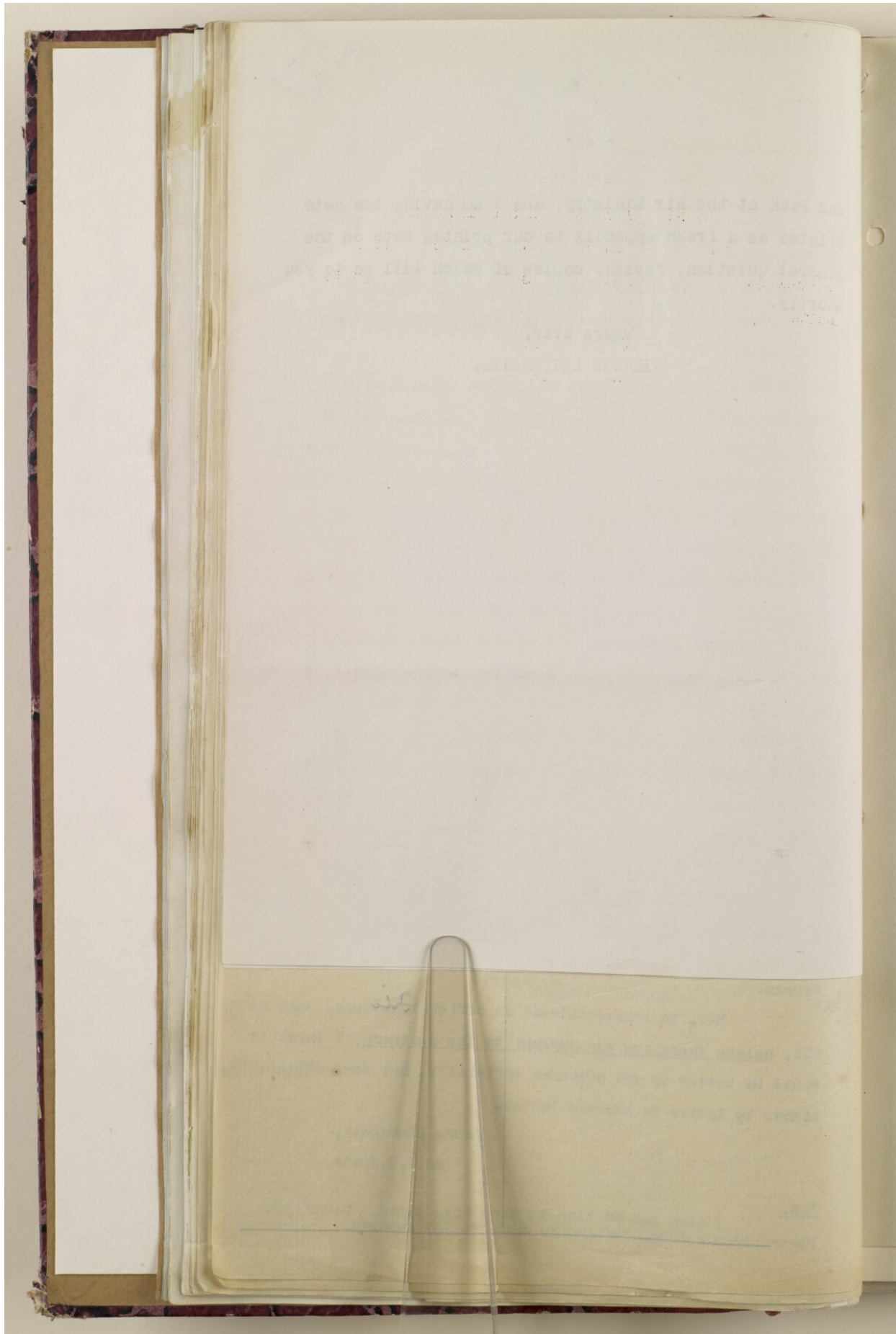




(37) (37)
- 2 -

and Peck at the Air Ministry, and I am having the note printed as a fresh appendix to our printed note on the general question, revised copies of which will go to you shortly.

Yours ever,
GILBERT LAITHWAITE.





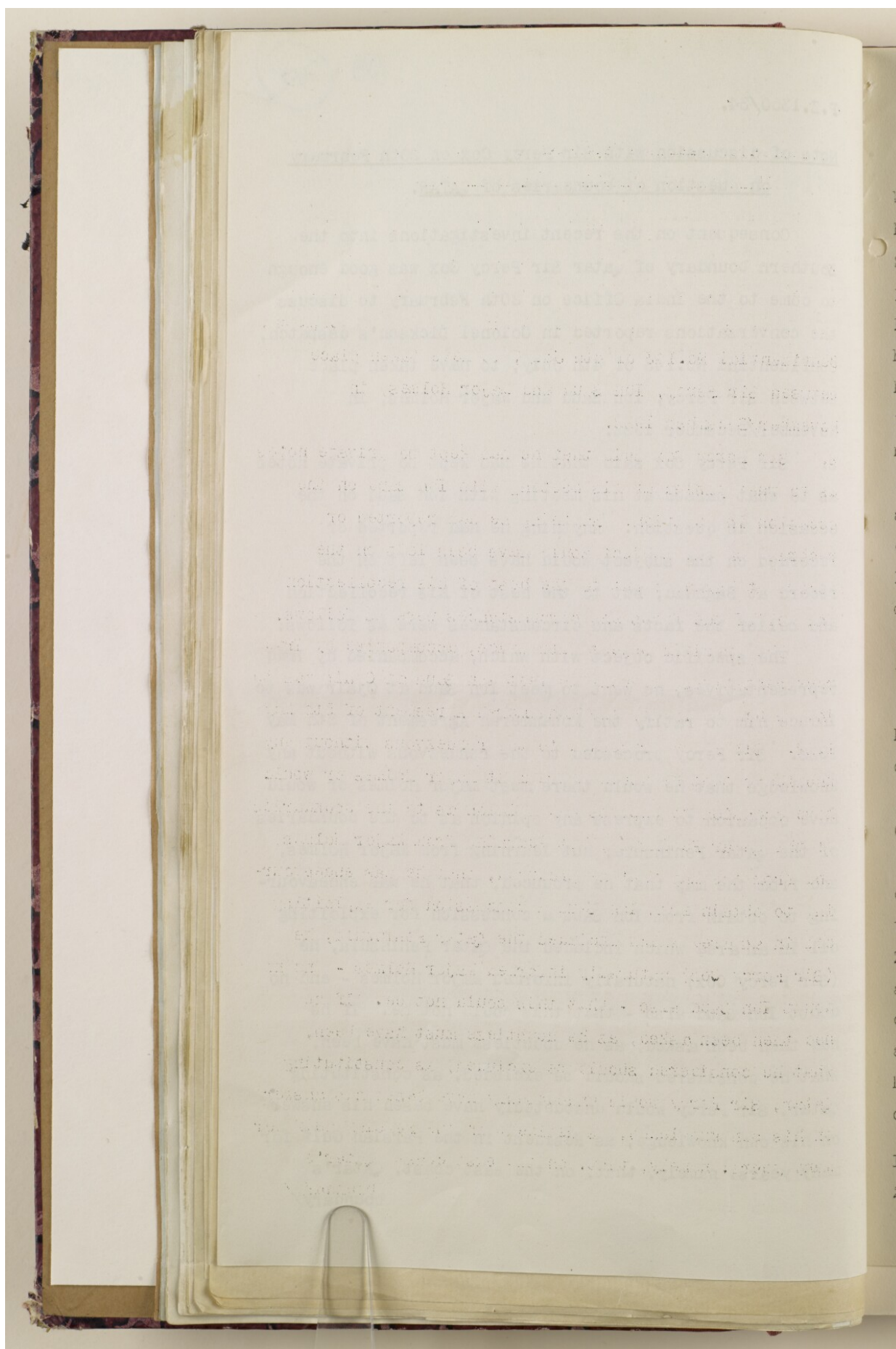
P.Z.1350/34.

Note of discussion with Sir Percy Cox on 20th February
on question of boundaries of QATAR.

Consequent on the recent investigations into the Southern boundary of Qatar Sir Percy Cox was good enough to come to the India Office on 20th February to discuss the conversations reported in Colonel Dickson's despatch, Confidential No.143 of 4th July, to have taken place between Sir Percy, Ibn Saud and Major Holmes, in November/December 1922.

2. Sir Percy Cox said that he had kept no private notes as to what passed at his meeting with Ibn Saud on the occasion in question. Anything he had reported or recorded on the subject would have been left on the record at Baghdad; but to the best of his recollection and belief the facts and circumstances were as follows:

The specific object with which, accompanied by Iraq representatives, he went to meet Ibn Saud at Ojair was to induce him to ratify the Mohammerah Agreement of 5th May 1922. Sir Percy proceeded to the rendezvous without any knowledge that he would there meet Major Holmes or would have occasion to express any opinion as to the boundaries of the Qatar Peninsula; but learning from Major Holmes, and from the map that he produced, that he was endeavouring to obtain from Ibn Saud a concession for exploiting oil in an area which included the Qatar Peninsula, he (Sir Percy Cox) naturally informed Major Holmes - and no doubt Ibn Saud also - that this could not be. If he had then been asked, as he doubtless must have been, what he considered should be excluded, as constituting Qatar, Sir Percy would undoubtedly have based his answer on his own knowledge, as Resident in the Persian Gulf for many years: namely, that, on the east coast, Qatar's boundary/





39
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2.

boundary with the Sheikh of Abu Dhabi's territory was the head of the Khor-al-Qaia, and on the west coast the head of Salwa Bay. This, in Sir Percy's recollection, was the position recognised in the Bushire Residency and adopted by Lorimer in the Persian Gulf Gazetteer. Sir Percy probably had the Gazetteer with him, but on the above point he would hardly have needed to consult it. In any case he is positive that the Anglo-Turkish Blue Line of 1913 was never mentioned, and is of opinion that any view which he expressed incidentally and ex tempore could not reasonably be regarded as the official pronouncement of the Hasa-Qatar boundary contemplated in our first treaty with Ibn Saud (December 1915) in which it figured as one of those to be "hereafter determined". Moreover, Sir Percy Cox states that he informed both Ibn Saud and Major Holmes that H.M.G. ought to be consulted before any concession was granted.

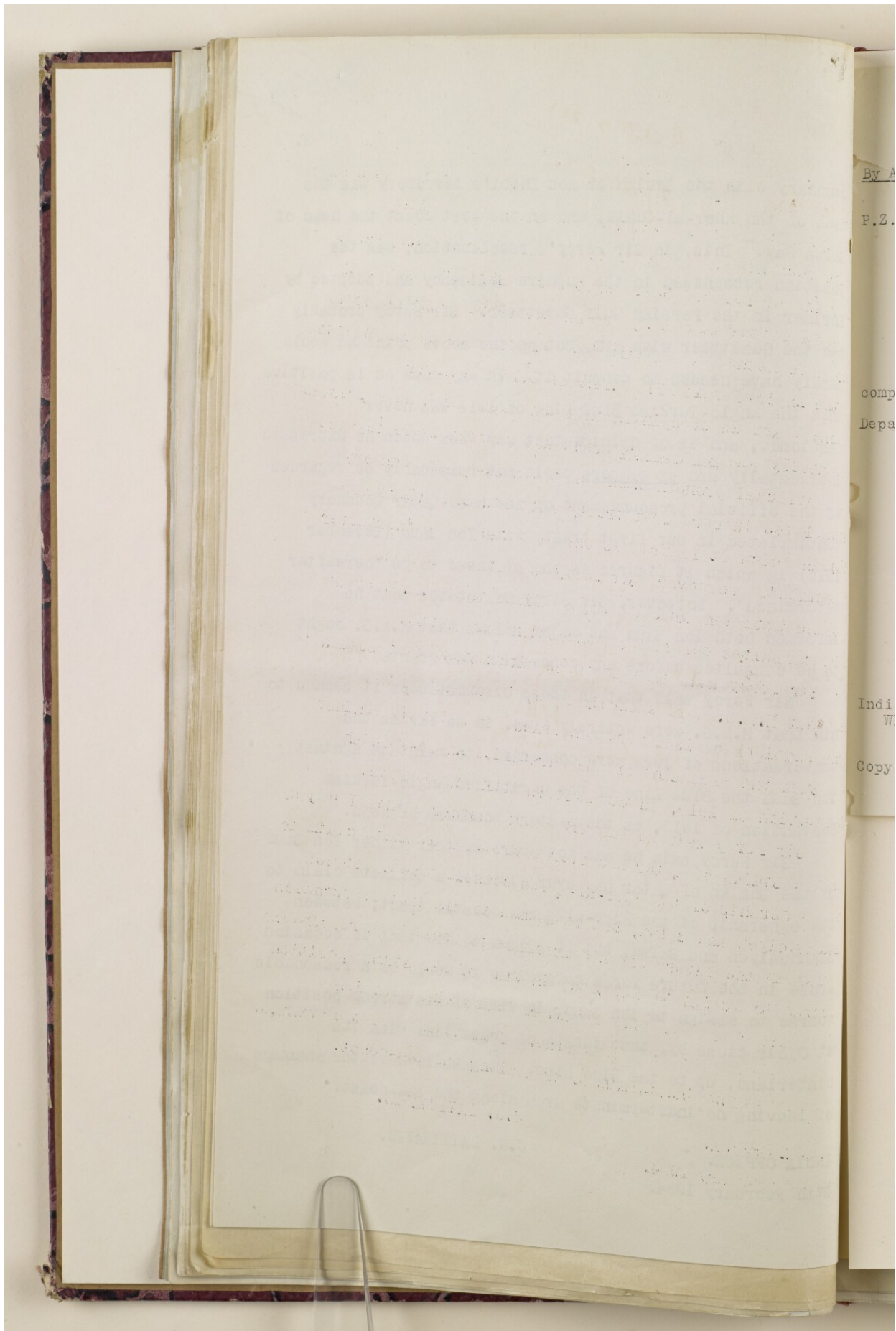
Sir Percy said that in these circumstances it seemed to him that H.M.G. were entirely free, in so far as the conversations of 1922 were concerned, to maintain against Ibn Saud the Blue Line of the unratified Anglo-Turkish Convention of 1913, as the Eastern boundary of Nejd.

Sir Percy said he was not aware whether either Ibn Saud or the Shaikh of Qatar had ever advanced a definite claim to the ownership of the Barr-al-Qarah coastal tract, between Zakhnuniyeh and Salwa, but it seemed to him that if occasion arose in the future for a compromise it would be a reasonable course to assign to Ibn Saud, in view of his strong position at Qajar close by, that length of coast line with its hinterland, up to the Blue Line. This would have the advantage of leaving no indeterminate area along the sea-coast.

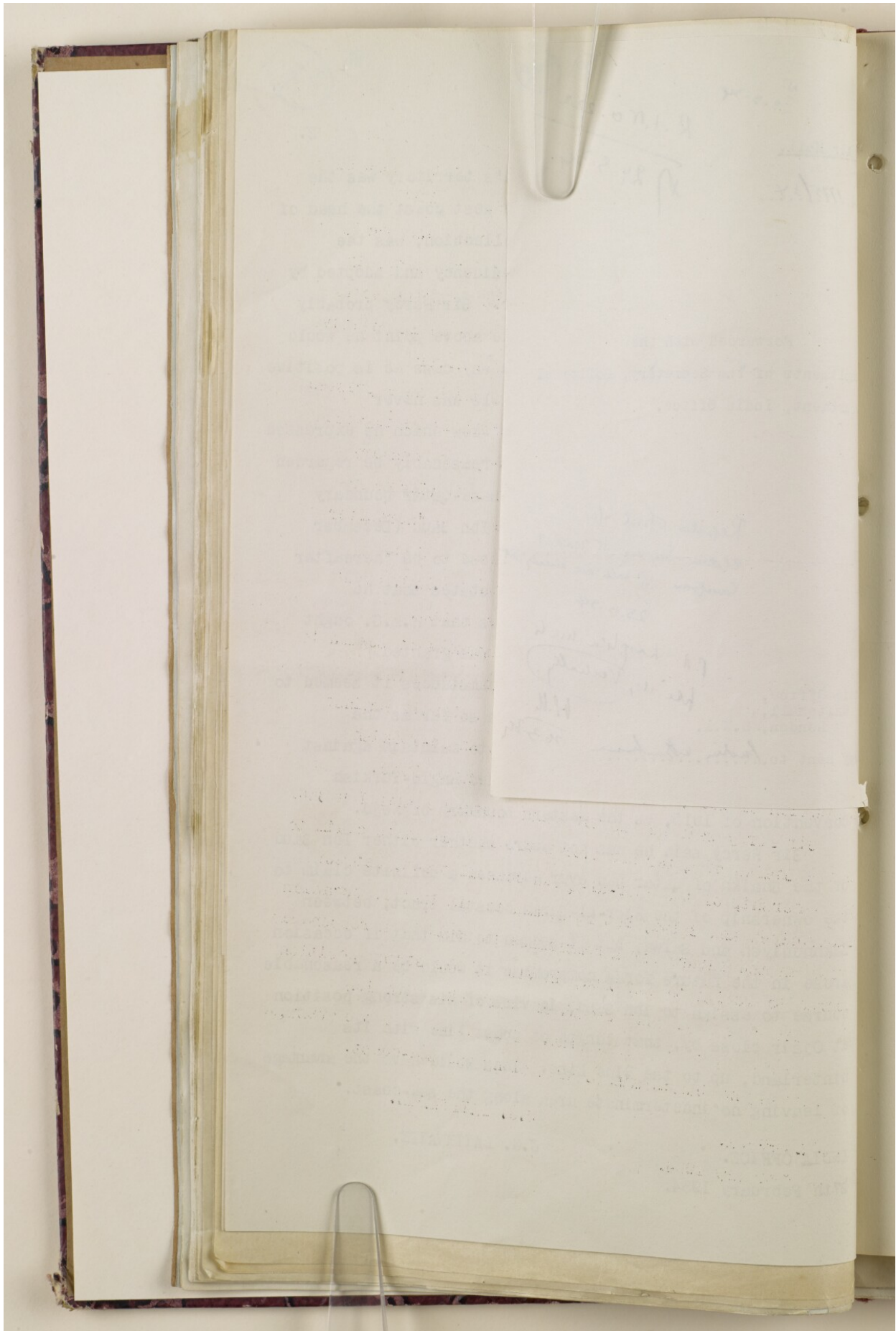
INDIA OFFICE.

J.G. LAITHWAITE.

27th February 1934.



bl. 11.
26.3.34





P.Z. 1775/34.

5th March, 1934.

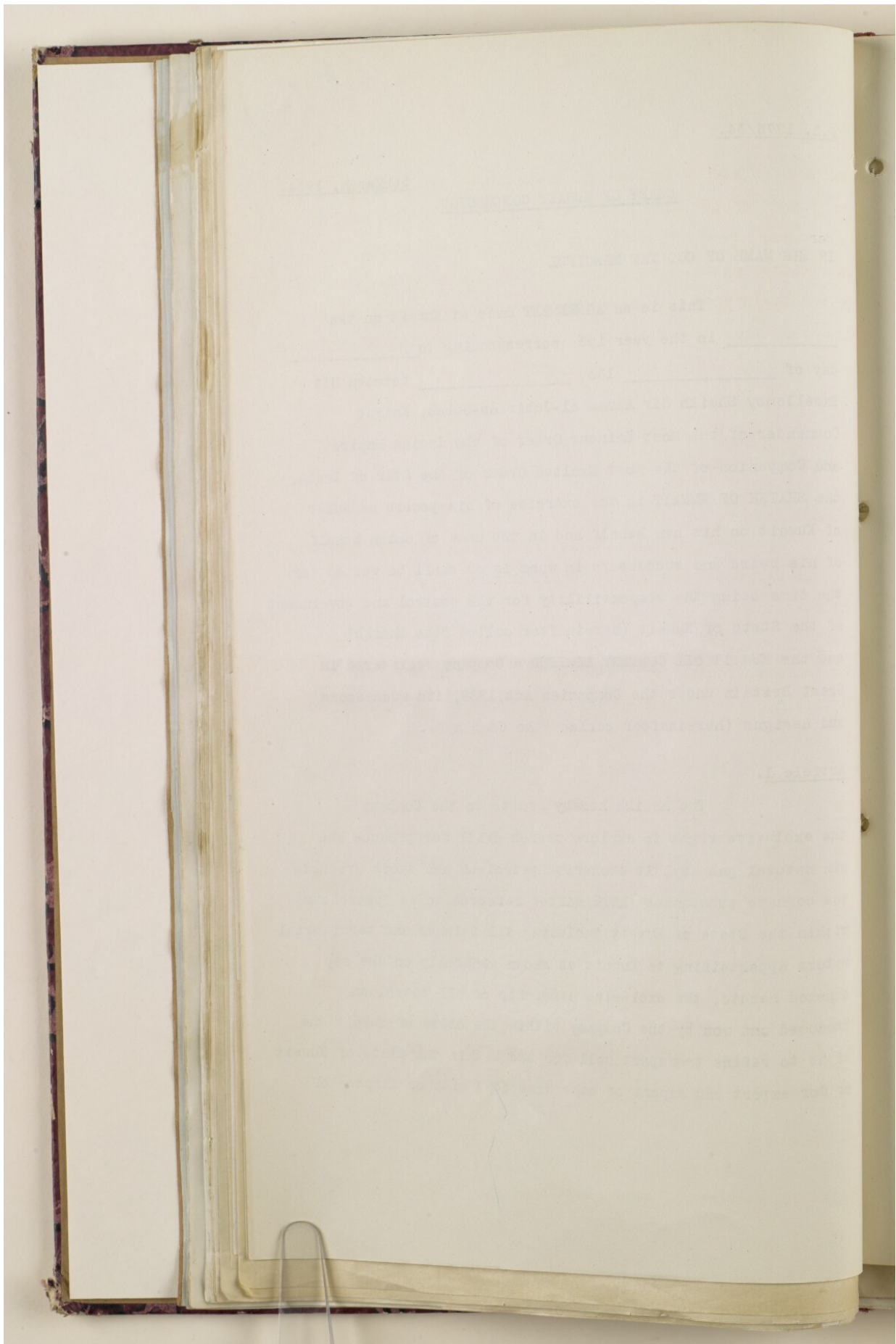
DRAFT OF KUWAIT CONCESSION.

IN THE NAME OF GOD THE MERCIFUL

This is an AGREEMENT made at Kuwait on the _____ in the year 193 corresponding to _____ day of _____ 135 _____ between His Excellency Shaikh Sir Ahmad al-Jabir as-Subah, Knight Commander of the Most Eminent Order of the Indian Empire and Companion of the Most Exalted Order of the Star of India, the SHAIKH OF KUWAIT in the exercise of his powers as Ruler of Kuwait on his own behalf and in the name of and on behalf of his heirs and successors in whom is or shall be vested for the time being the responsibility for the control and government of the State of Kuwait (hereinafter called "the Shaikh") and the KUWAIT OIL COMPANY LIMITED a Company registered in Great Britain under the Companies Act, 1929, its successors and assigns (hereinafter called "the Company").

Article 1.

The Shaikh hereby grants to the Company the exclusive right to explore search drill for produce and win natural gas asphalt ozokerite petroleum and their products and cognate substances (hereinafter referred to as "petroleum") within the State of Kuwait including all islands and territorial waters appertaining to Kuwait as shown generally on the map annexed hereto, the exclusive ownership of all petroleum produced and won by the Company within the State of Kuwait the right to refine transport sell for use within the State of Kuwait or for export and export or otherwise deal with or dispose of





42
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2.

any and all such petroleum and the right to do all things necessary for the purposes of those operations. The Company undertakes however that it will not carry on any of its operations within areas occupied by or devoted to the purposes of mosques sacred buildings or graveyards or carry on any of its operations except the sale of petroleum housing of staff and employees and administrative work within the present town wall of Kuwait.

The period of this Agreement shall be 75 years from the date of signature.

Article 2.

(A) Within nine months from the date of signature of this Agreement the Company shall commence geological exploration.

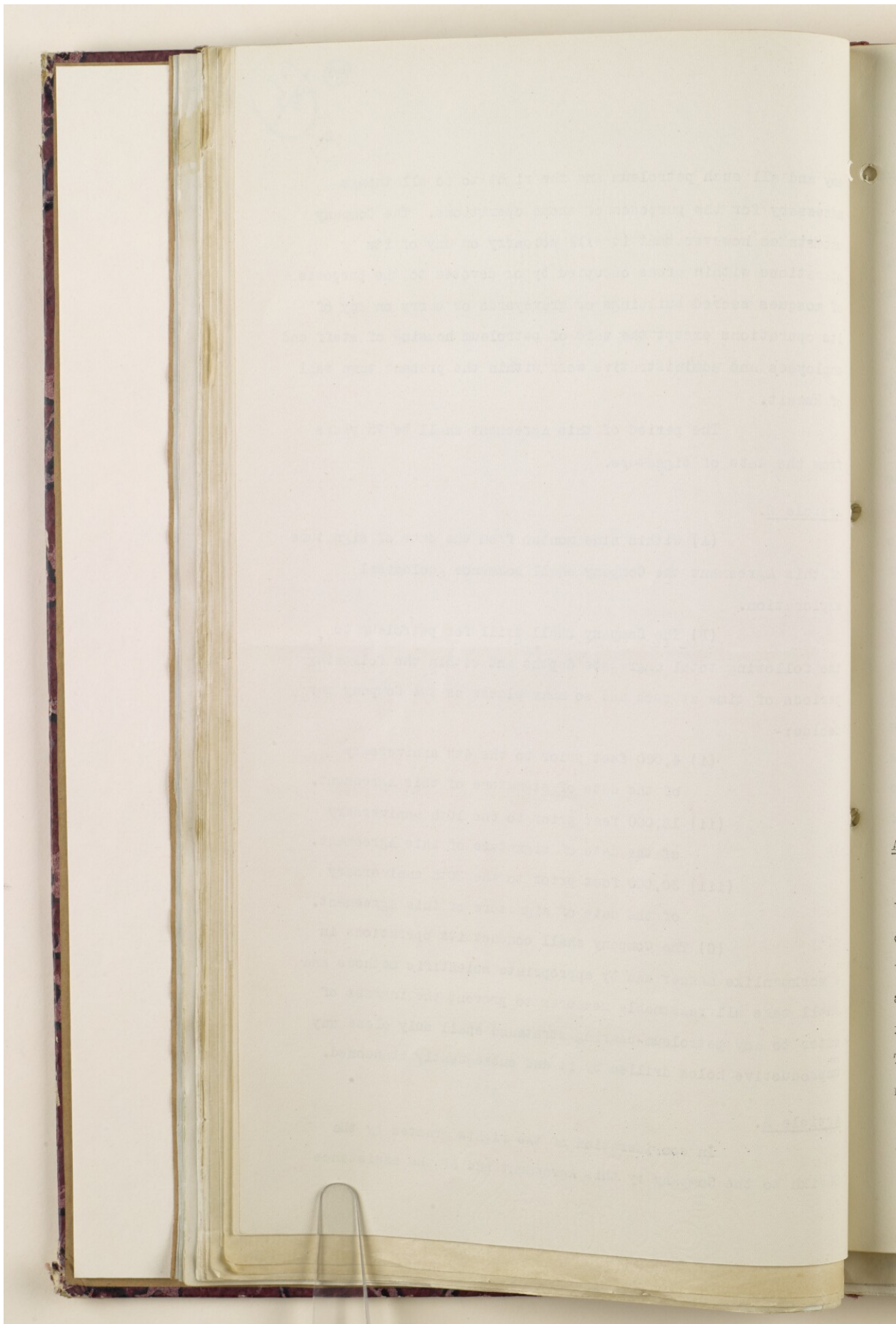
(B) The Company shall drill for petroleum to the following total aggregate depths and within the following periods of time at such and so many places as the Company may decide:-

- (i) 4,000 feet prior to the 4th anniversary of the date of signature of this Agreement.
- (ii) 12,000 feet prior to the 10th anniversary of the date of signature of this Agreement.
- (iii) 30,000 feet prior to the 20th anniversary of the date of signature of this Agreement.

(C) The Company shall conduct its operations in a workmanlike manner and by appropriate scientific methods and shall take all reasonable measures to prevent the ingress of water to any petroleum-bearing strata and shall duly close any unproductive holes drilled by it and subsequently abandoned.

Article 3.

In consideration of the rights granted by the Sheikh to the Company by this Agreement and of the assistance





(43) 36

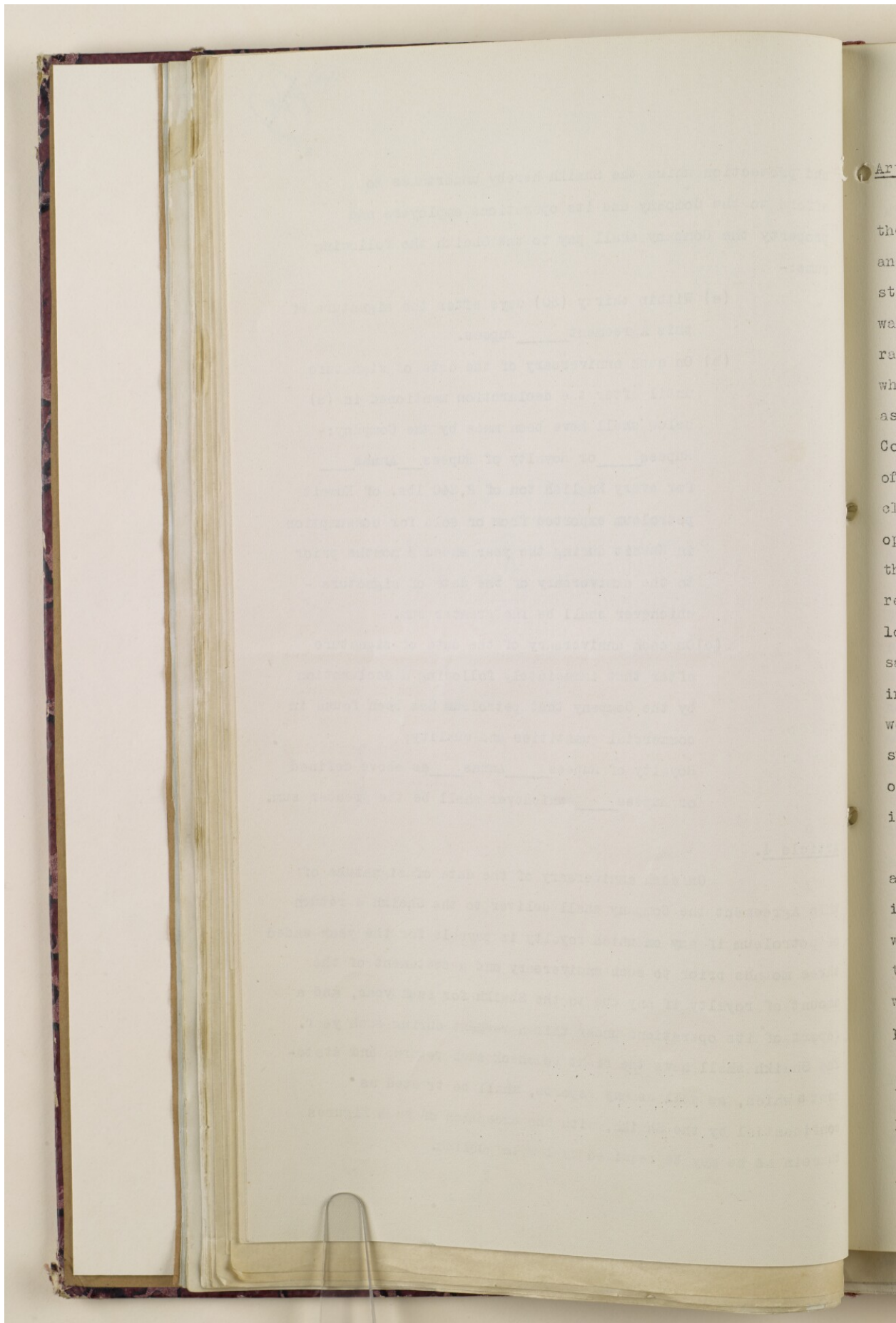
3.

and protection which the Shaikh hereby undertakes to afford to the Company and its operations employees and property the Company shall pay to the Shaikh the following sums:-

- (a) Within thirty (30) days after the signature of this Agreement _____ Rupees.
- (b) On each anniversary of the date of signature until after the declaration mentioned in (c) below shall have been made by the Company:-
Rupees _____ or Royalty of Rupees _____ Annas _____
for every English ton of 2,240 lbs. of Kuwait petroleum exported from or sold for consumption in Kuwait during the year ended 3 months prior to the anniversary of the date of signature -
whichever shall be the greater sum.
- (c) On each anniversary of the date of signature after that immediately following a declaration by the Company that petroleum has been found in commercial quantities and quality;
Royalty of Rupees _____ Annas _____ as above defined
or Rupees _____ whichever shall be the greater sum.

Article 4.

On each anniversary of the date of signature of this Agreement the Company shall deliver to the Shaikh a return of petroleum if any on which royalty is payable for the year ended three months prior to such anniversary and a statement of the amount of royalty if any due to the Shaikh for such year, and a report of its operations under this agreement during such year. The Shaikh shall have the right to check such returns and statements which, as well as any reports, shall be treated as confidential by the Shaikh, with the exception of such figures therein as he may be required by law to publish.





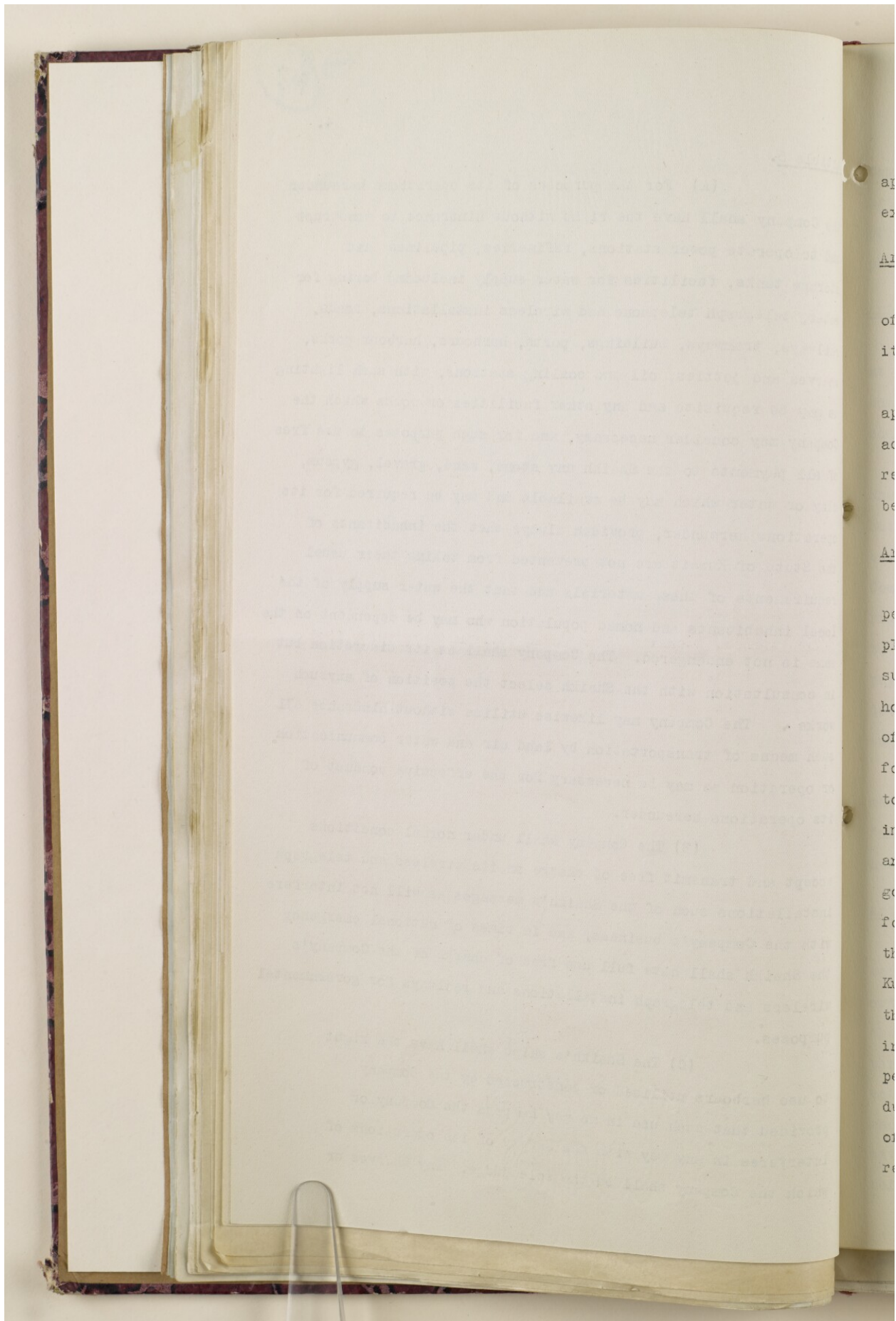
(44) 37
4.

Article 5.

(A) For the purposes of its operations hereunder the Company shall have the right without hindrance to construct and to operate power stations, refineries, pipelines and storage tanks, facilities for water supply including boring for water, telegraph telephone and wireless installations, roads, railways, tramways, buildings, ports, harbours, harbour works, wharves and jetties, oil and coaling stations, with such lighting as may be requisite and any other facilities or works which the Company may consider necessary, and for such purposes to use free of all payments to the Shaikh any stone, sand, gravel, gypsum, clay or water which may be available and may be required for its operations hereunder, provided always that the inhabitants of the State of Kuwait are not prevented from taking their usual requirements of these materials and that the water supply of the local inhabitants and nomad population who may be dependent on the same is not endangered. The Company shall at its discretion but in consultation with the Shaikh select the position of any such works. The Company may likewise utilise without hindrance all such means of transportation by land air and water communication or operation as may be necessary for the effective conduct of its operations hereunder.

(B) The Company shall under normal conditions accept and transmit free of charge on its wireless and telegraph installations such of the Shaikh's messages as will not interfere with the Company's business, and in times of national emergency the Shaikh shall have full use free of charge of the Company's wireless and telegraph installations and railways for governmental purposes.

(C) The Shaikh's ships shall have the right to use harbours utilised or constructed by the Company, provided that such use in no way hampers the Company or interferes in any way with the safety of its operations of which the Company shall be the sole judge. Any wharves or





(45) 38

5.

appurtenances constructed by the Company shall be for its exclusive use.

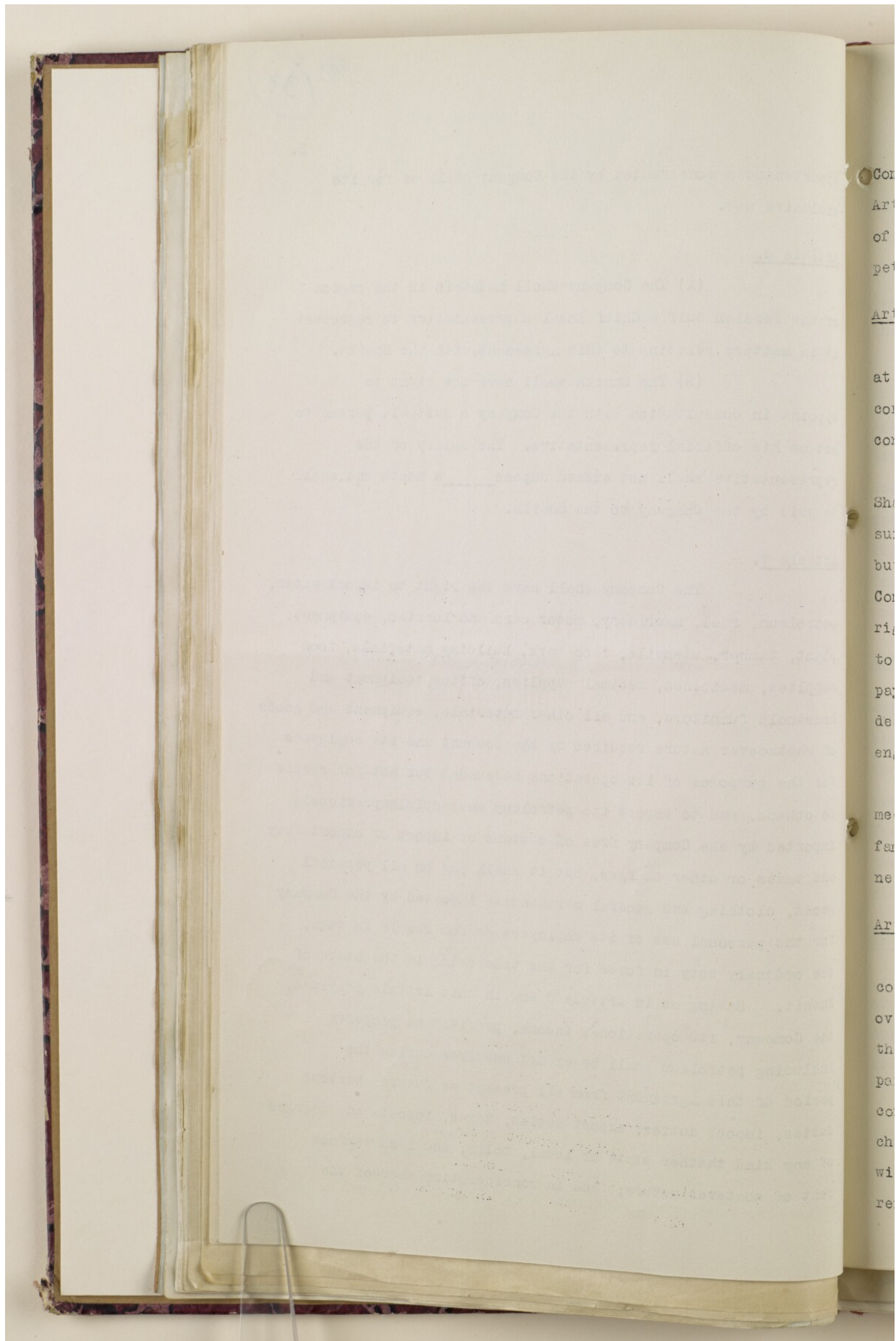
Article 6.

(A) The Company shall maintain in the region of the Persian Gulf a Chief Local Representative to represent it in matters relating to this Agreement with the Shaikh.

(B) The Shaikh shall have the right to appoint in consultation with the Company a suitable person to act as his official representative. The salary of the representative shall not exceed Rupees _____ a month and shall be paid by the Company to the Shaikh.

Article 7.

The Company shall have the right to import water, petroleum, fuel, machinery, motor cars and lorries, equipment, plant, timber, utensils, iron work, building materials, food supplies, medicines, medical supplies, office equipment and household furniture, and all other materials, equipment and goods of whatsoever nature required by the Company and its employees for the purposes of its operations hereunder but not for resale to others, and to export its petroleum and articles previously imported by the Company free of customs or import or export duty and taxes or other charges, but it shall pay on all personal goods, clothing and general merchandise imported by the Company for the personal use of its employees or for resale to them, the ordinary duty in force for the time being in the State of Kuwait. Saving as in Article 3 and in this Article provided, the Company, its operations, income, profits and property including petroleum shall be exempt and free during the period of this Agreement from all present or future harbour duties, import duties, export duties, taxes, imposts and charges of any kind whether state or local, tolls, and land surface rent of whatever nature; and in consideration thereof the





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6.

Company shall in addition to the payments provided for in Article 3 pay to the Shaikh on each anniversary of the date of signature of this Agreement _____ annas per ton of petroleum on which royalty is payable.

Article 8.

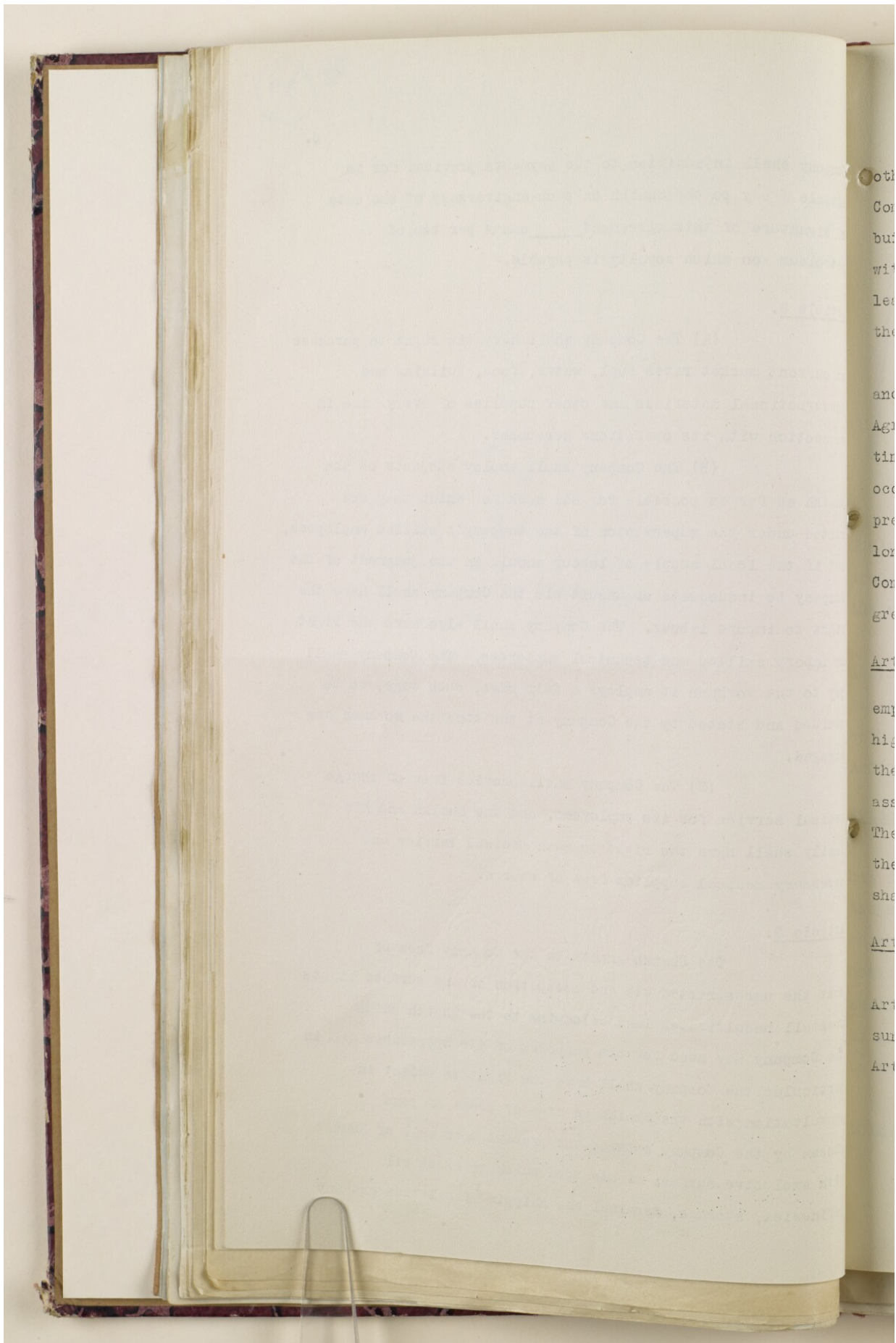
(A) The Company shall have the right to purchase at current market rates fuel, water, food, building and constructional materials and other supplies of every kind in connection with its operations hereunder.

(B) The Company shall employ subjects of the Shaikh as far as possible for all work for which they are suited under the supervision of the Company's skilled employees, but if the local supply of labour should in the judgment of the Company be inadequate or unsuitable the Company shall have the right to import labour. The Company shall also have the right to import skilled and technical employees. The Company shall pay to the workmen it employs a fair wage, such wage, to be decided and stated by the Company at the time the workmen are engaged.

(C) The Company shall provide free of charge medical service for its employees, and the Shaikh and his family shall have the right to such medical service and necessary medical supplies free of charge.

Article 9.

The Shaikh grants to the Company free of cost the unrestricted use and occupation of and surface rights over all uncultivated land belonging to the Shaikh which the Company may need for the purposes of its operations and in particular the Company shall have the right to select in consultation with the Shaikh an area or areas of land chosen by the Company outside the present town wall of Kuwait with exclusive surface rights upon which to erect oil refineries, storage, terminal and shipping facilities and any





(47) 10

7.

Other works required for the Company's operations; and the Company may buy or lease for such purposes any lands houses or buildings with the consent of and on conditions to be arranged with the proprietors thereof but the terms of such purchase or lease shall not be in excess of those ordinarily current in their respective localities.

The Company shall acquire only such land houses and buildings as are necessary for its operations under this Agreement. The Company shall inform the Shaikh from time to time of the land houses and buildings which it requires to occupy for its operations; and land houses and buildings previously acquired by the Company from the Shaikh but found no longer necessary for its operations shall be returned by the Company to the Shaikh at a cost which in any case shall not be greater than that paid by the Company.

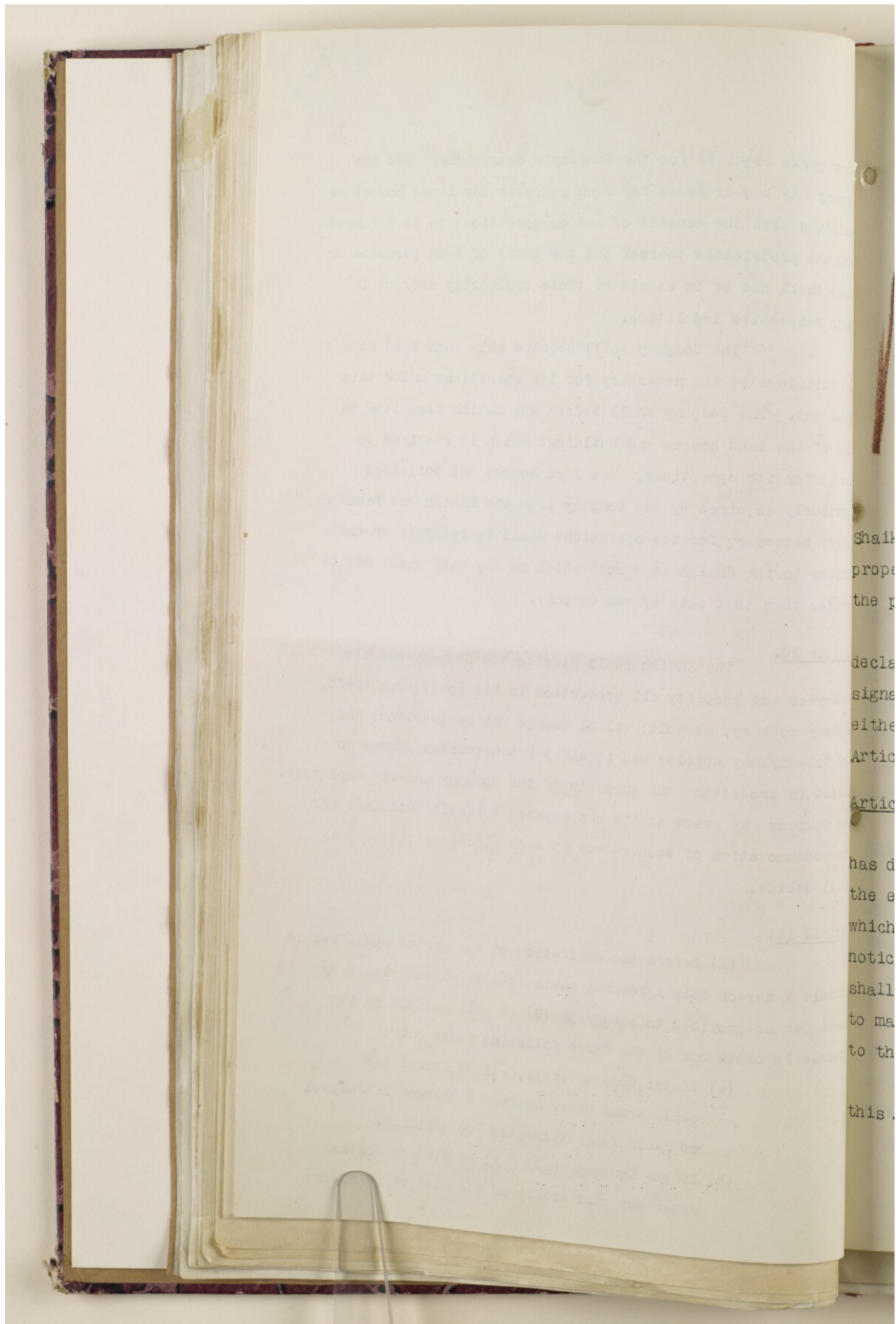
Article 10.

The Shaikh shall give to the Company and its employees and property all protection in his power from theft, highway robbery, assault, wilful damage and destruction, and the Company may appoint and itself pay trustworthy guards to assist in protection the property of the Company and its employees. The Company may erect at its own expense suitable buildings for the accommodation of such guards at such places as the Company shall decide.

Article 11.

(A) Before the expiration of the period specified in Article 1 hereof this Agreement shall come to an end either by surrender as provided in paragraph (B) of this Article or in Article 12 or in one of the three following cases only:

- (a) If the Company shall fail to fulfil its obligations under Article 2 thereof in respect of geological exploration or drilling.
- (b) If the Company shall fail within six months after any anniversary of the date of signature





8.

of this Agreement to make to the Shaikh any payments agreed to be due under Article 3.

- (c) If the Company shall be in default under the arbitration provisions of Article 18.
- (d) If the Company shall fail to observe any of the terms of the Agreement between the Company and His Majesty's Government signed in London on 5th March, 1934, and, if the matter is referred to arbitration under Article 18, fail to remedy such failure within the reasonable time which shall be fixed by the arbitrators for so doing.

In any one of the above mentioned cases and in no other the Shaikh shall be entitled to terminate this Agreement and all the property of the Company within the State of Kuwait shall become the property of the Shaikh.

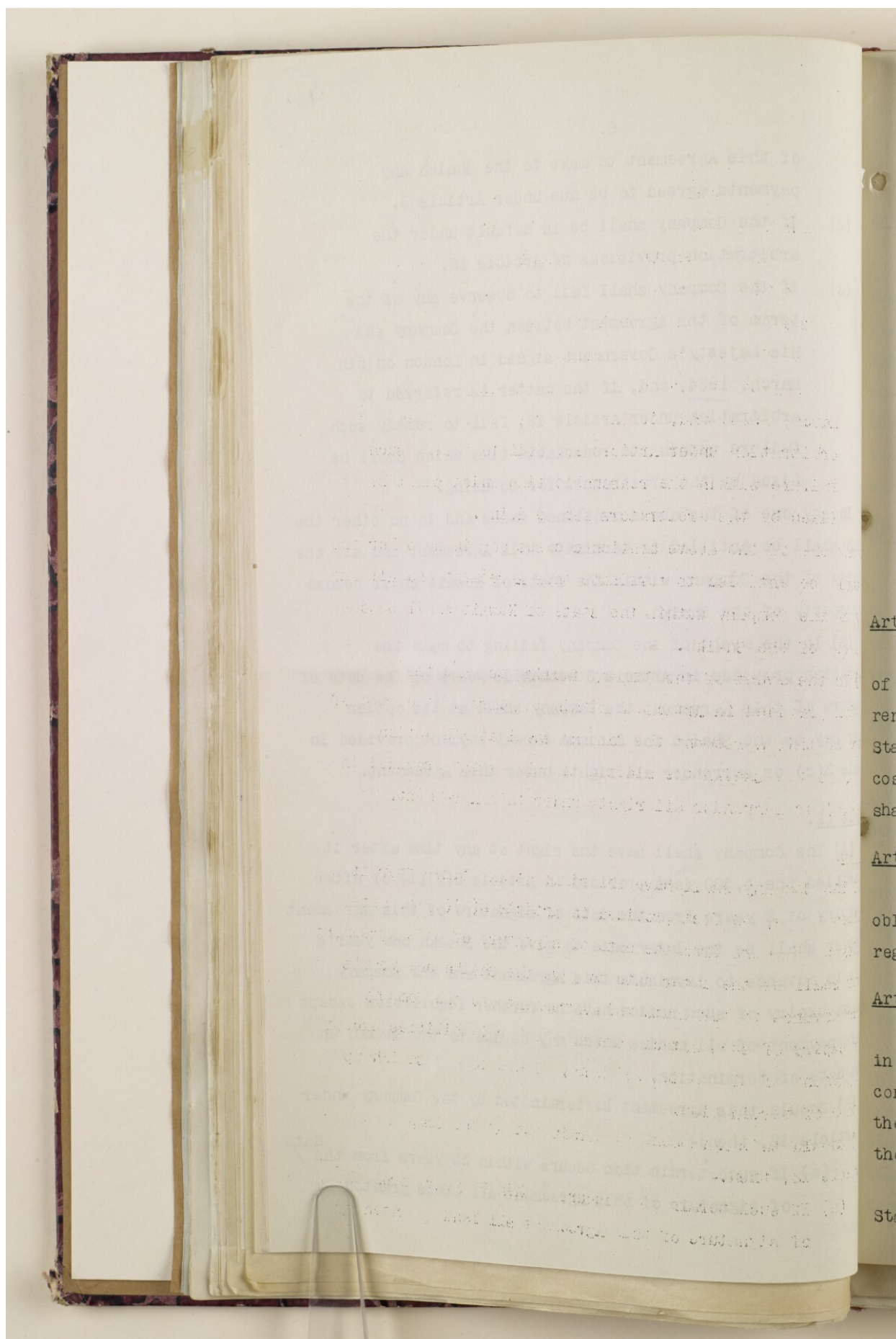
(B) In the event of the Company failing to make the declaration provided in Article 3 within 12 years of the date of signature of this Agreement the Company shall at its option either pay to the Shaikh the minimum annual payment provided in Article 3(c) or surrender all rights under this Agreement.

Article 12.

(A) The Company shall have the right at any time after it has drilled the 4,000 feet provided in Article 2(B)(1) or after the expiry of 2 years from the date of signature of this Agreement whichever shall be the later date to give the Shaikh one year's notice in advance to terminate this Agreement and the Company shall on expiry of such notice have no further liabilities except to make payment of all monies which may be due to the Shaikh up to the date of termination.

(B) Should this Agreement be terminated by the Company under this Article 12, then:-

- (a) If such termination occurs within 35 years from the ^{date} of signature of this Agreement all lands granted by



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9.

the Shaikh and any lands or buildings which the Company may have bought and any houses or buildings constructed by and other immovable property of the Company within the State of Kuwait shall be handed over to the Shaikh free of cost. Producing wells or borings at the time of such termination shall be handed over in reasonably good order and repair. but

- (b) If such termination occurs after 35 years from the date of signature of this Agreement all the property of the Company in the State of Kuwait shall be handed over to the Shaikh free of cost. Producing wells or borings at the time of such termination shall be handed over in reasonably good order and repair.

Article 13.

On the expiry of this Agreement at the end of the period of 75 years provided in Article 1 or of any extension or renewal of that period all the property of the Company in the State of Kuwait shall be handed over to the Shaikh free of cost. Producing wells or borings at the time of such expiry shall be handed over in reasonably good order and repair.

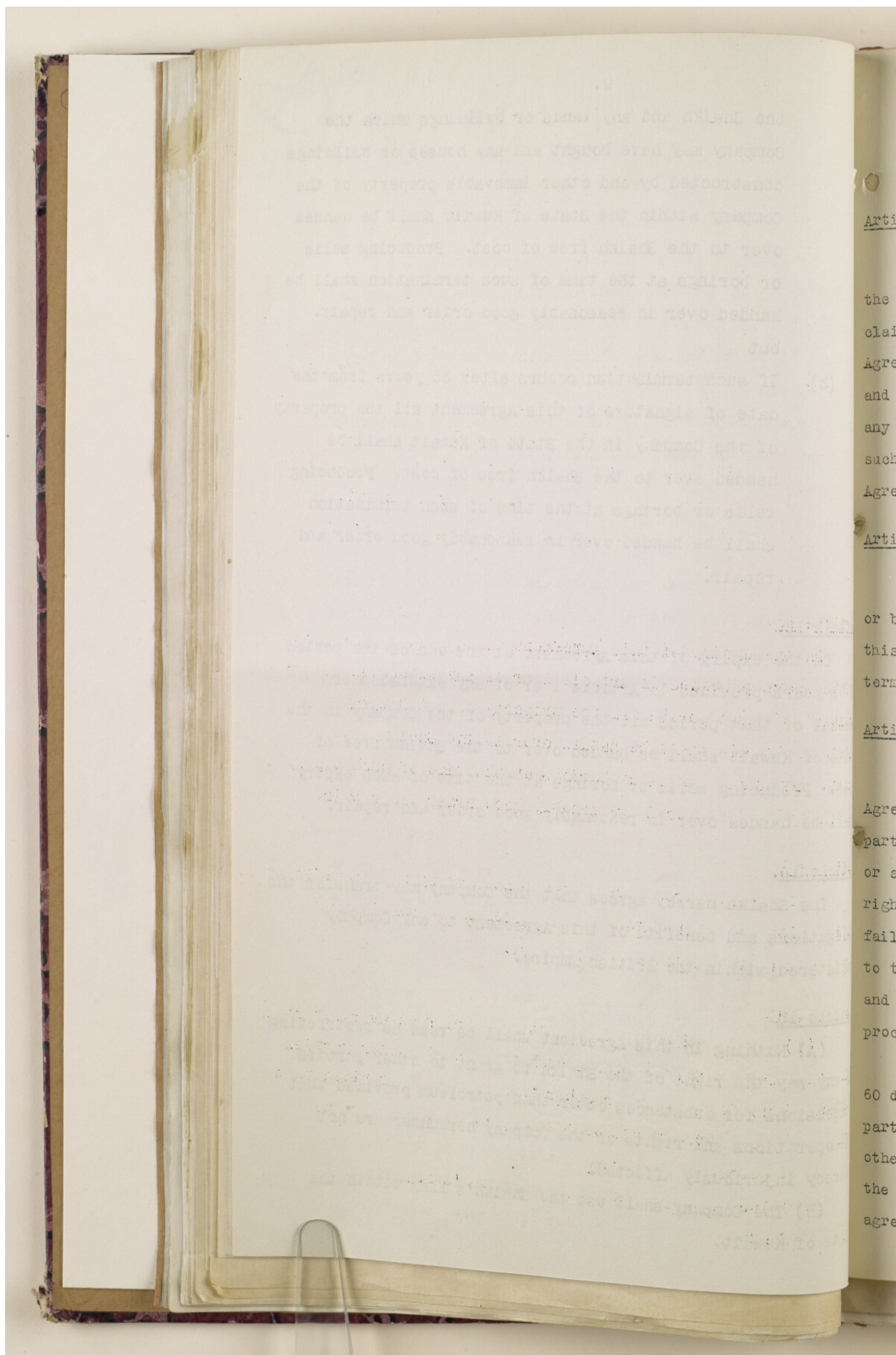
Article 14.

The Shaikh hereby agrees that the Company may transfer the obligations and benefits of this Agreement to any Company registered within the British Empire.

Article 15.

(A) Nothing in this Agreement shall be read as restricting in any way the right of the Shaikh to grant to other parties concessions for substances other than petroleum provided that the operations and rights of the Company hereunder are not thereby injuriously affected.

(B) The Company shall use the Shaikh's flag within the State of Kuwait.





10.

Article 16.

Failure on the part of the Company to fulfil any of the conditions of this Agreement shall not give the Shaikh any claim against the Company or be deemed a breach of this Agreement in so far as such failure arises from force majeure, and if through force majeure the fulfilment by the Company of any of the conditions of this Agreement be delayed the period of such delay shall be added to the periods fixed by this Agreement.

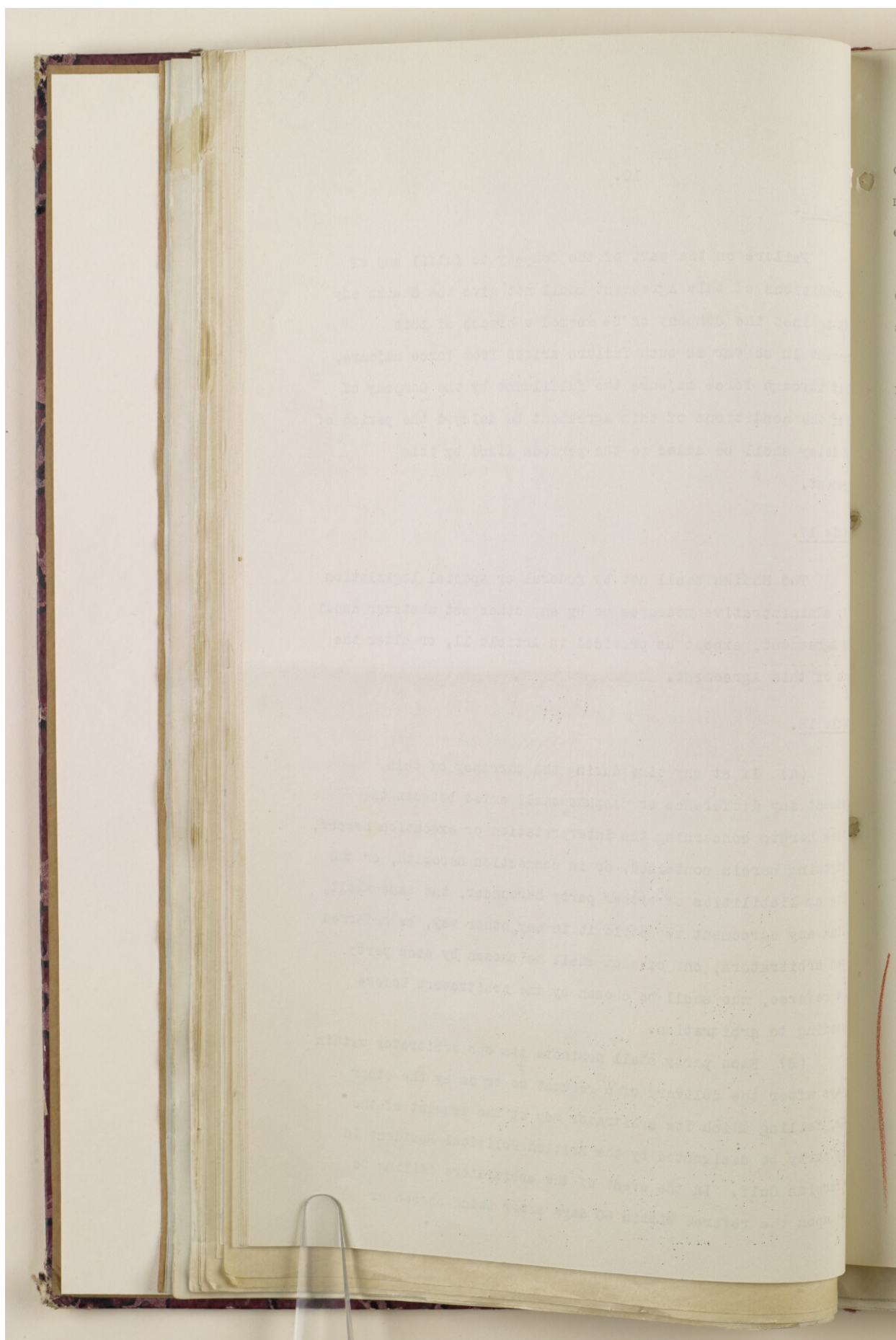
Article 17.

The Shaikh shall not by general or special legislation or by administrative measures or by any other act whatever annul this Agreement, except as provided in Article 11, or alter the terms of this Agreement.

Article 18.

(A) If at any time during the currency of this Agreement any difference or dispute shall arise between the parties hereto concerning the interpretation or execution hereof, or anything herein contained, or in connection herewith, or the rights or liabilities of either party hereunder, the same shall, failing any agreement to settle it in any other way, be referred to two arbitrators, one of whom shall be chosen by each party, and a referee, who shall be chosen by the arbitrators before proceeding to arbitration.

(B) Each party shall nominate its own arbitrator within 60 days after the delivery of a request so to do by the other party, failing which its arbitrator may at the request of the other party be designated by the British Political Resident in the Persian Gulf. In the event of the arbitrators failing to agree upon the referee within 60 days after being chosen or





11.

designated, the British Political Resident in the Persian Gulf may appoint a referee at the request of the arbitrators or either of them.

(C) The decision of the arbitrators, or in case of a difference of opinion between them the decision of the referee shall be final and binding upon both parties.

(D) In giving a decision the arbitrators or the referee shall specify an adequate period of delay during which the party against whom the decision is given shall conform to the decision and that party shall be in default only if that party has failed to conform to the decision prior to the expiry of that period and not otherwise.

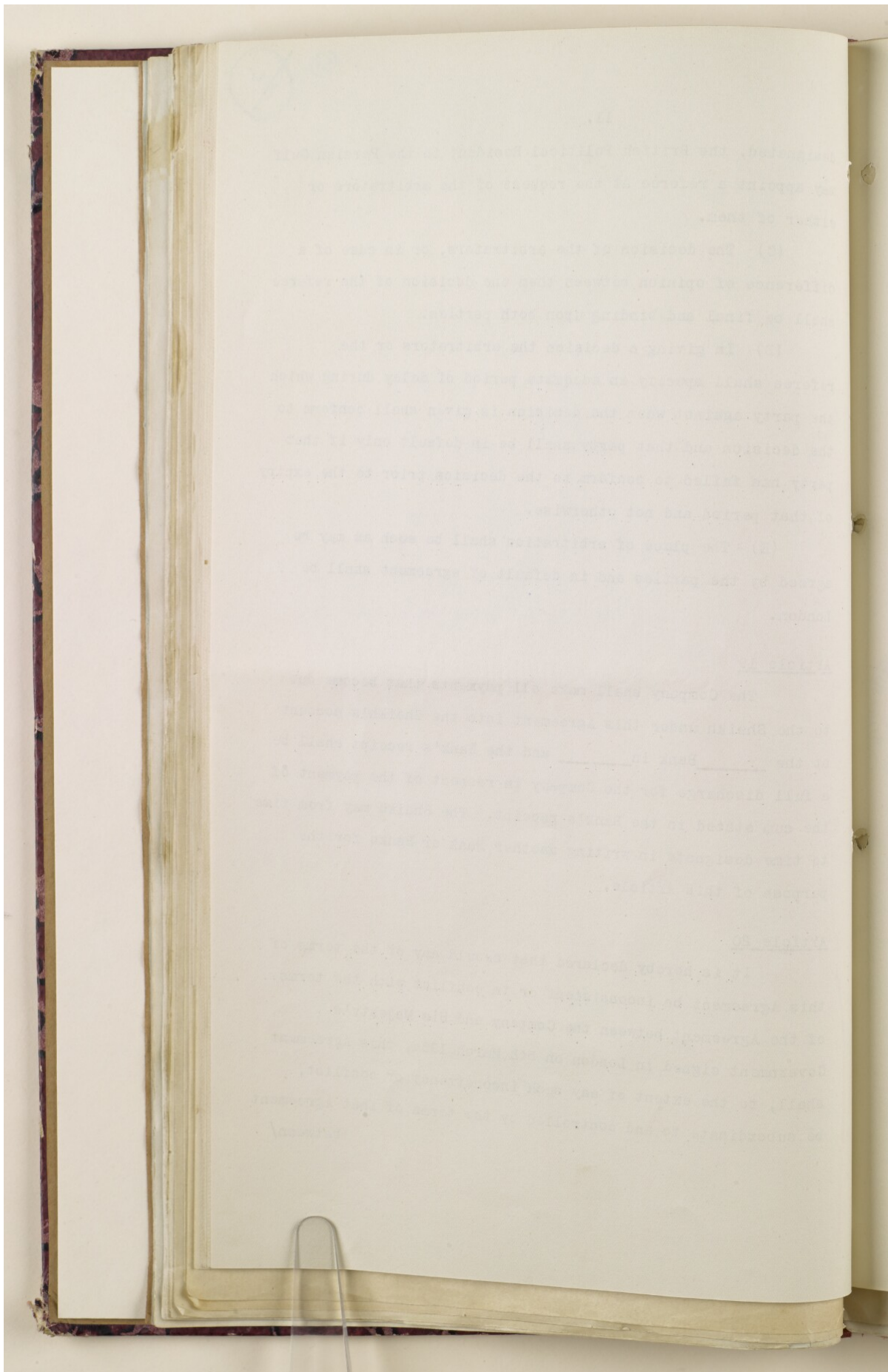
(E) The place of arbitration shall be such as may be agreed by the parties and in default of agreement shall be London.

Article 19

The Company shall make all payments that become due to the Shaikh under this Agreement into the Shaikh's account at the _____ Bank in _____ and the Bank's receipt shall be a full discharge for the Company in respect of the payment of the sum stated in the Bank's receipt. The Shaikh may from time to time designate in writing another Bank or Banks for the purpose of this Article.

Article 20

It is hereby declared that should any of the terms of this Agreement be inconsistent or in conflict with the terms of the Agreement between the Company and His Majesty's Government signed in London on 5th March 1934, this Agreement shall, to the extent of any such inconsistency or conflict, be subordinate to and controlled by the terms of that Agreement
between/





12.

between the Company and His Majesty's Government.

Article 21

This Agreement is written in English and translated into Arabic. If there should at any time be disagreement as to the meaning or interpretation of any clause in this Agreement the English text shall prevail.

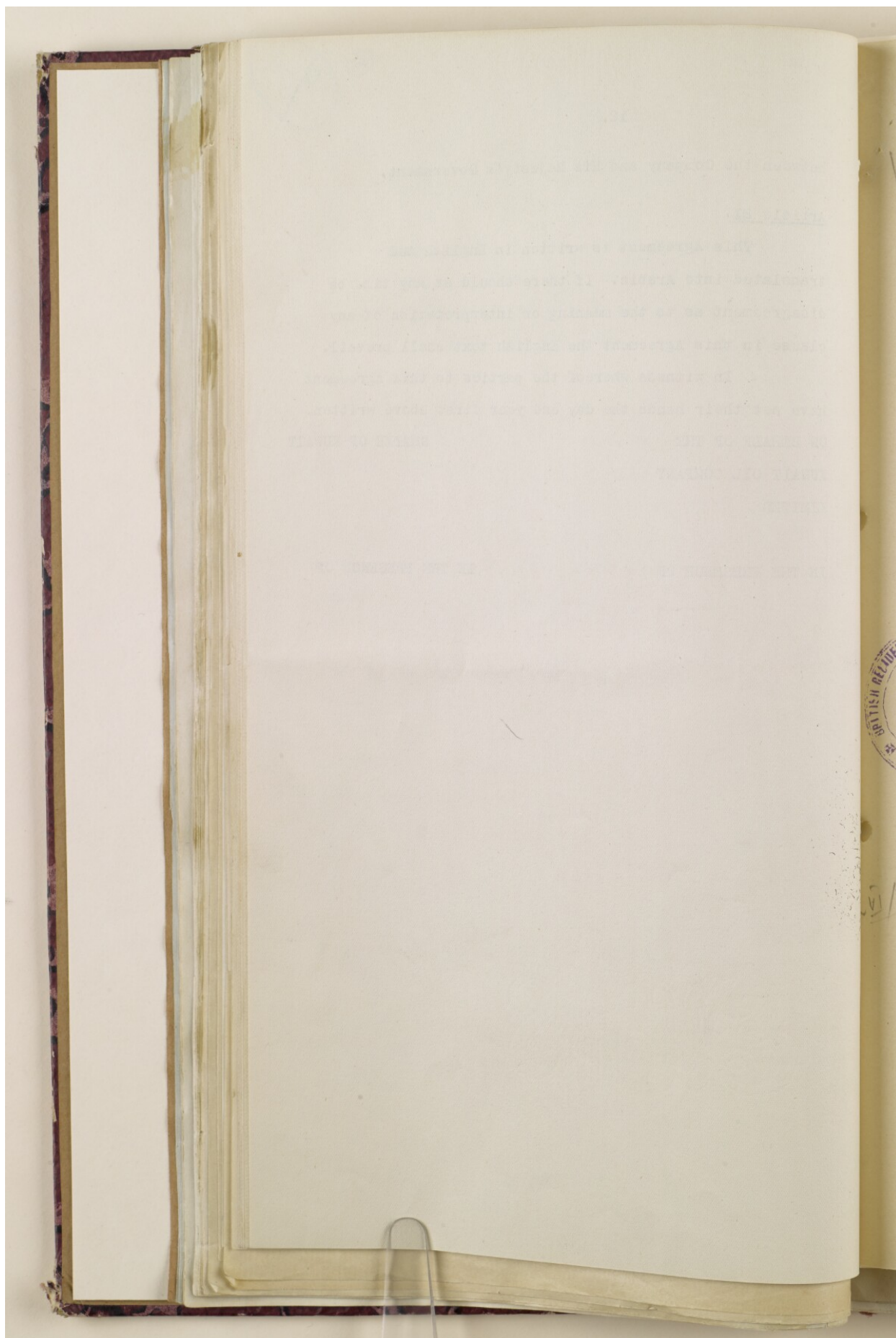
In witness whereof the parties to this Agreement have set their hands the day and year first above written.

ON BEHALF OF THE
KUWAIT OIL COMPANY
LIMITED

SHAIKH OF KUWAIT

IN THE PRESENCE OF

IN THE PRESENCE OF





CONFIDENTIAL.

No. C/74 of 1934.

R. I. No. 223

27.3.34

The Hon'ble the Political Resident in the Persian Gulf presents his compliments to

The Political Agent,
Kuwait,

and has the honour to transmit to him a copy of the undermentioned document (s). for information.

Office of the Political Resident
in the Persian Gulf,
British Consulate General, Camp, Bahrain.
~~British Consulate General, Bushire.~~

Dated 17th March 1934.

Reference to previous correspondence:



Description of Enclosure.

Name and Date.

Subject.

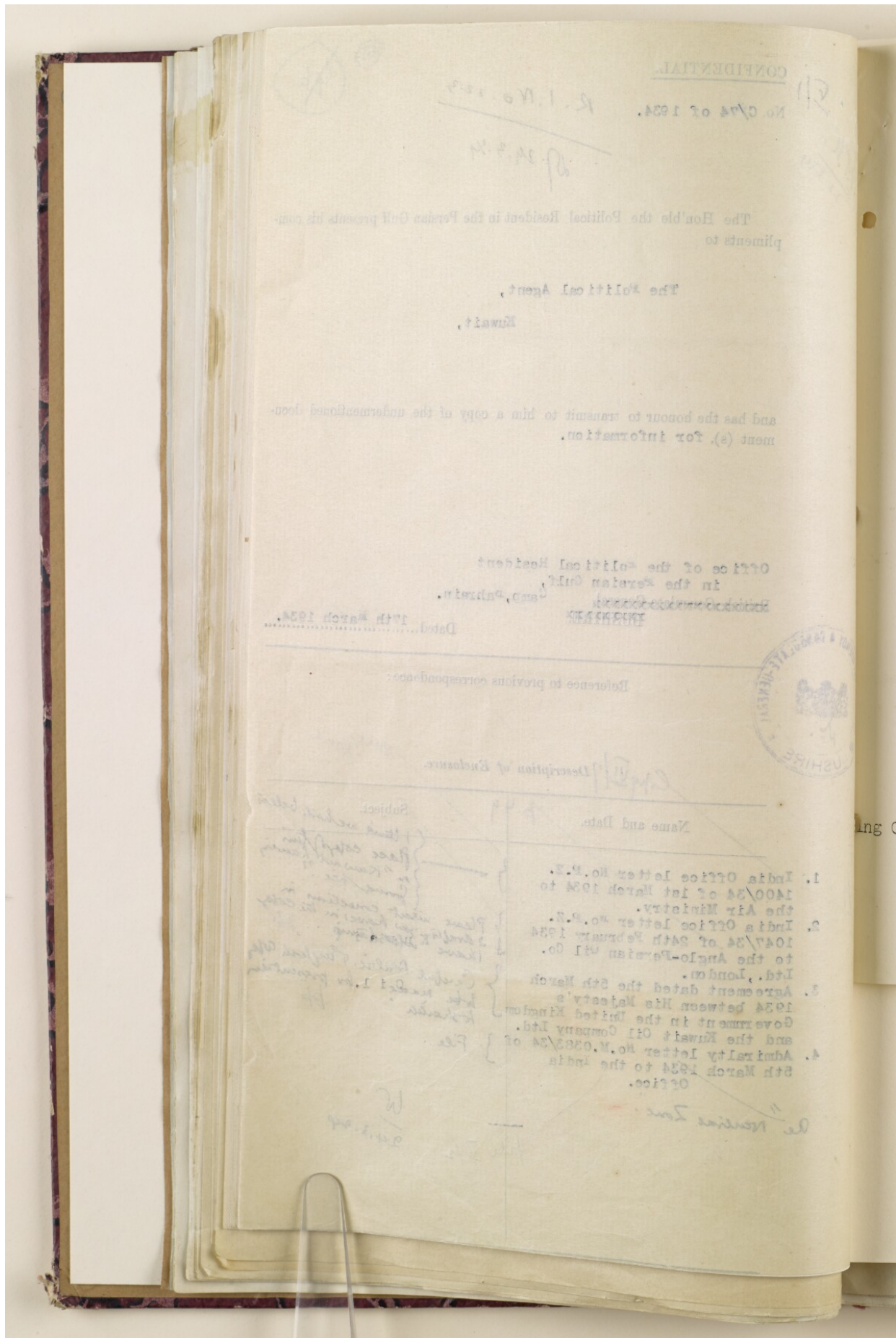
1. India Office letter No.P.Z. 1400/34 of 1st March 1934 to the Air Ministry.
2. India Office letter No.P.Z. 1047/34 of 24th February 1934 to the Anglo-Persian Oil Co. Ltd., London.
3. Agreement dated the 5th March 1934 between His Majesty's Government in the United Kingdom and the Kuwait Oil Company Ltd.
4. Admiralty letter No.M.0383/34 of 5th March 1934 to the India Office.

Re "Neutral Zone".

I think we had better place copy of them in 'Kuwait' and 'Persian Gulf' files.
Please visit connections in 2 drafts you have in the copy I have.
Carbide Acetic, English copy to be made 1. for presentation to Sheikh.
File.

file 1/2

W
24.3.34





Copy to 5/17

(54) (47)

INDIA OFFICE,
WHITEHALL, S.W. 1.

P.Z.1400/34.

1st March 1934.

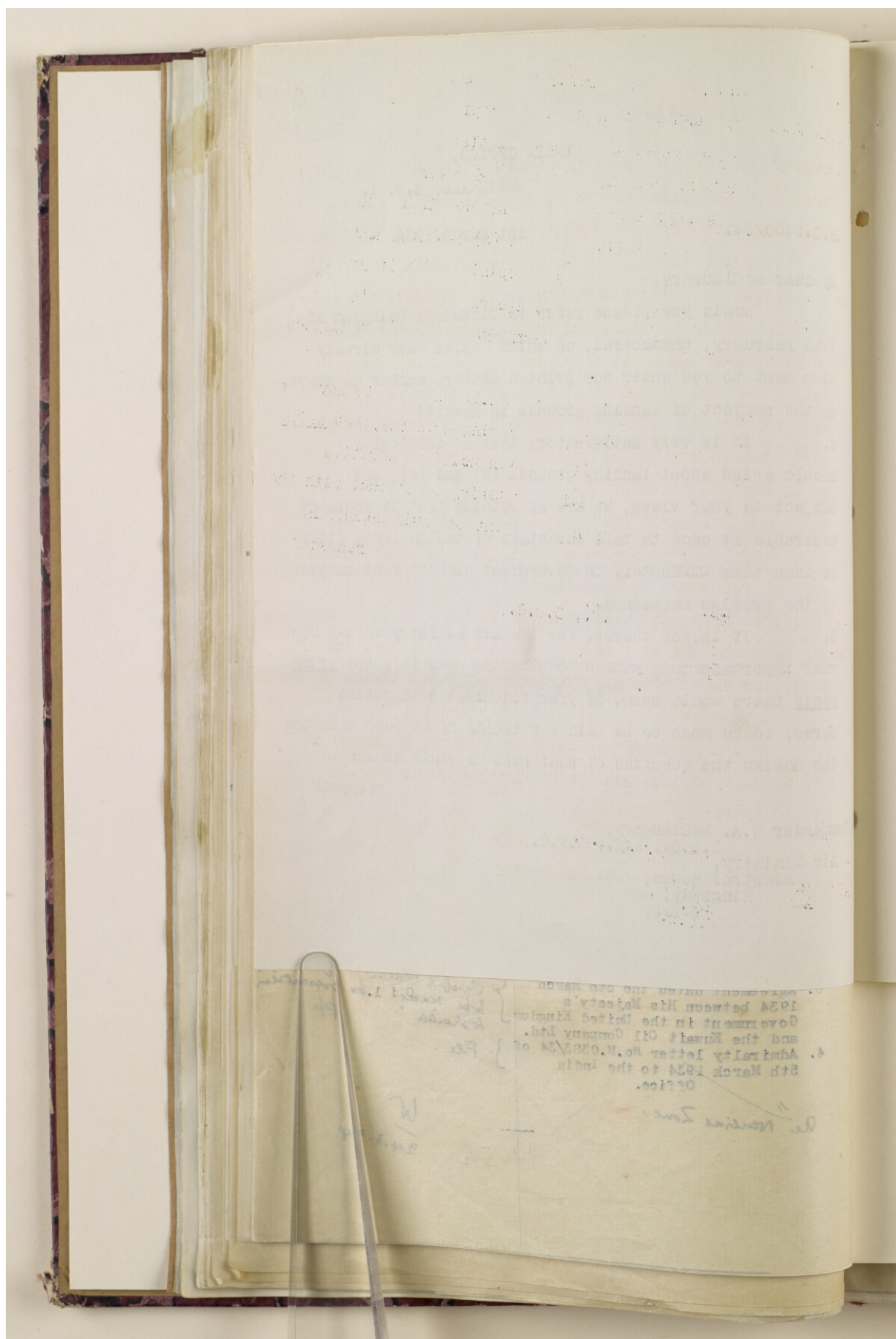
My dear McClaughry,

Would you please refer to Dickson's telegram of 27th February, unnumbered, of which copies have already been sent to you under our printed letter, number as above, on the subject of landing grounds in Koweit?

2. It is very satisfactory that no difficulty should arise about landing grounds (b) and (c), and, subject to your views, we are of opinion that it would be desirable at once to take advantage of the Sheikh's offer to loan them indefinitely to Government without rent subject to the proviso mentioned.

3. It is, of course, for the Air Ministry to say how much importance they attach to securing area (a), but prima facie there would seem, if your financial authorities agree, to be much to be said for taking up at once with the the Sheikh the question of what rent he would demand in respect/

ing Commander W.A. McClaughry,
D.S.O., M.C., D.F.C.,
Air Ministry,
Adastral House,
Kingsway,
W.C.2.





- 2 -

(55)

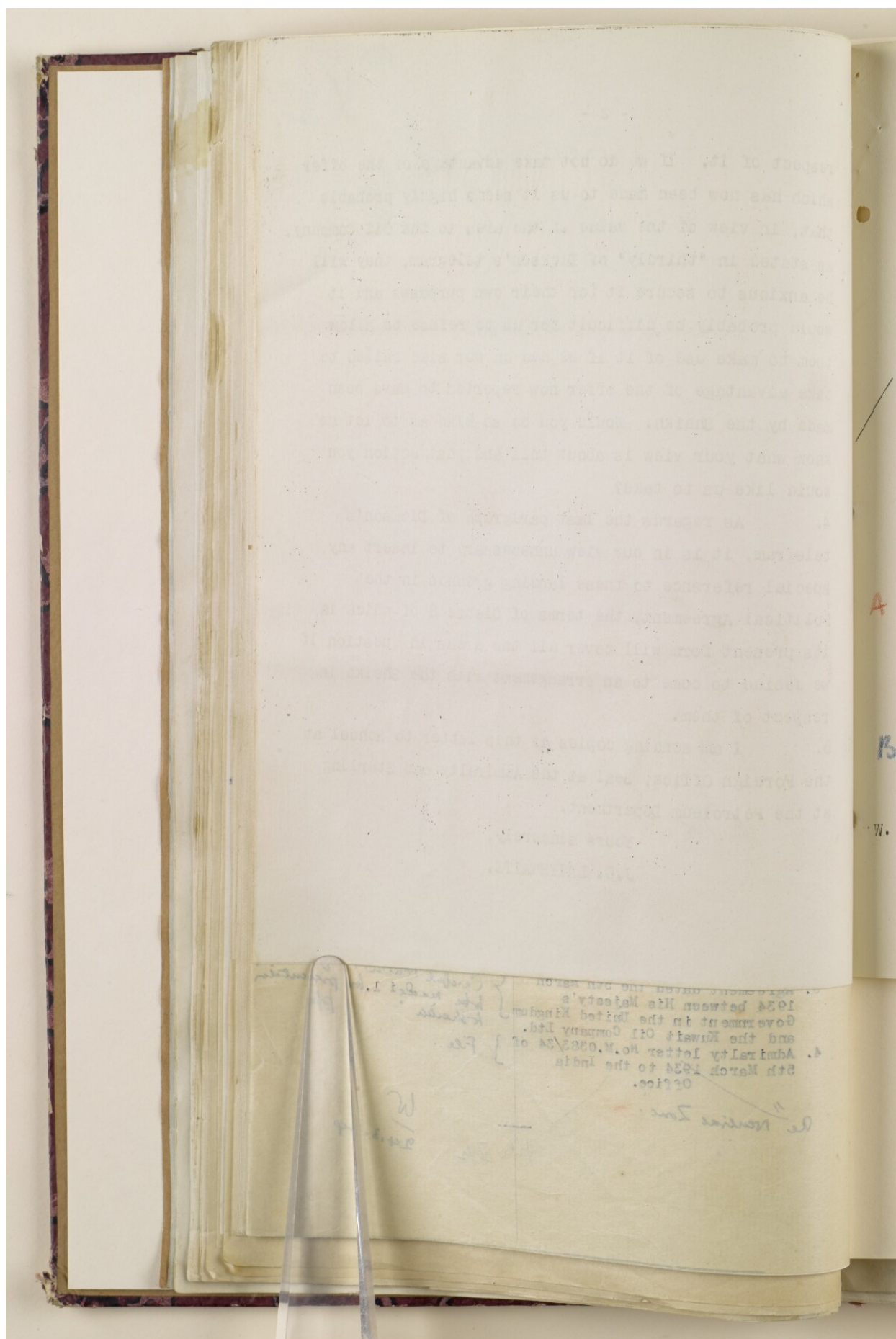
48

respect of it. If we do not take advantage of the offer which has now been made to us it seems highly probable that, in view of the value of the area to the Oil Company, as stated in "thirdly" of Dickson's telegram, they will be anxious to secure it for their own purposes and it would probably be difficult for us to refuse to allow them to make use of it if we had on our side failed to take advantage of the offer now reported to have been made by the Sheikh. Would you be so kind as to let me know what your view is about this and what action you would like us to take?

4. As regards the last paragraph of Dickson's telegram, it is in our view unnecessary to insert any special reference to these landing grounds in the Political Agreement, the terms of Clause 8 of which in its present form will cover all the areas in question if we decide to come to an arrangement with the Sheikh in respect of them.

5. I am sending copies of this letter to Rendel at the Foreign Office, Seal at the Admiralty and Starling at the Petroleum Department.

Yours sincerely,
J.G. LAITHWAITE.





INDIA OFFICE,

WHITEHALL, S.W. 1.

P.Z.1047/34.

24th February 1934.

I enclose a copy of the Draft Agreement between His Majesty's Government and the Koweit Oil Company, revised as the result of our meeting with you and Mr. Stevens yesterday.

2. It was agreed at the meeting to insert a sub-clause (d) in Article 11 (A) of the Draft Agreement between the Company and the Sheikh as follows:

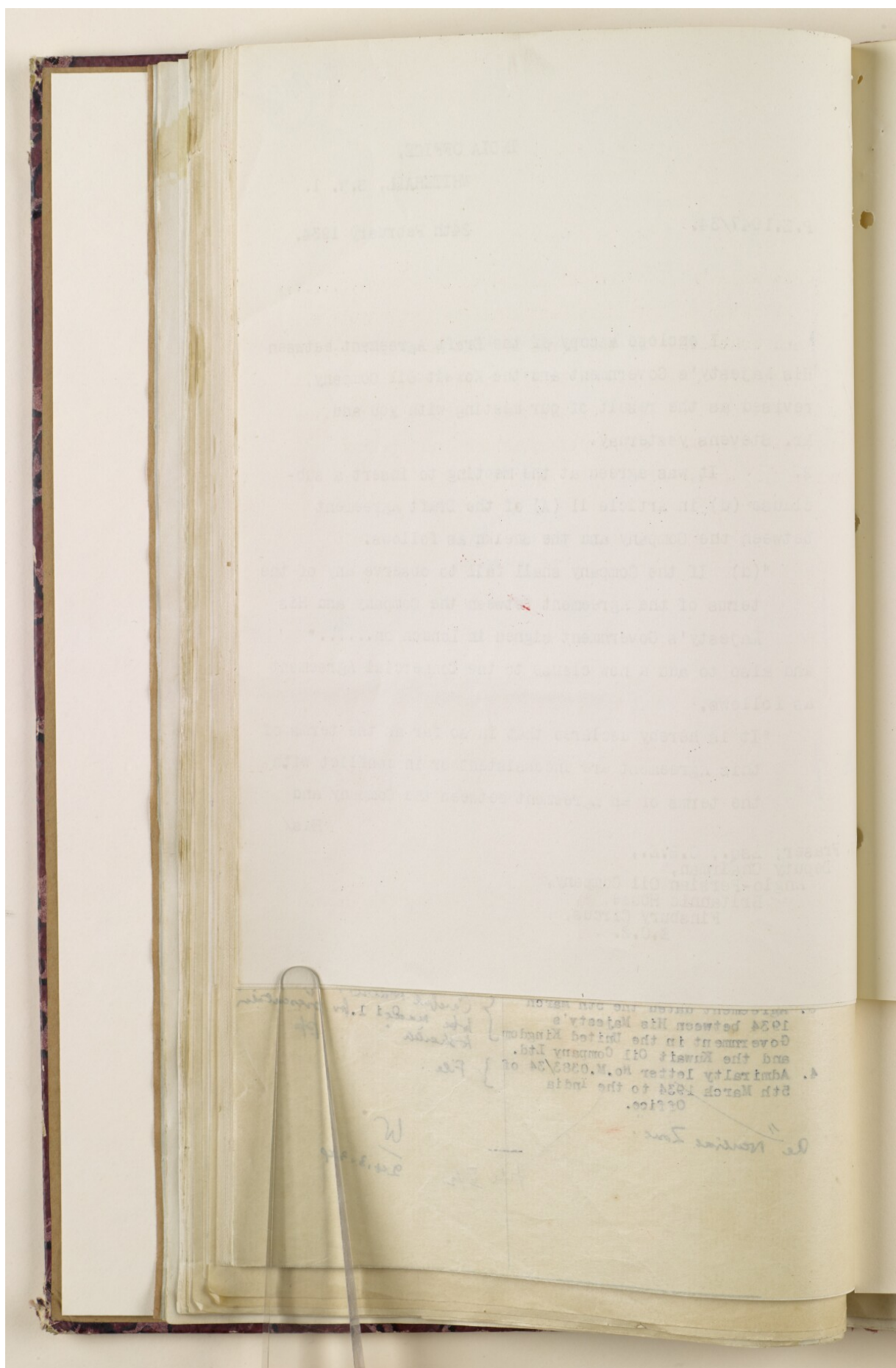
"(d) If the Company shall fail to observe any of the terms of the Agreement between the Company and His Majesty's Government signed in London on ^{4th March} 1933."

and also to add a new clause to the Commercial Agreement as follows:

"It is hereby declared that in so far as the terms of this Agreement are inconsistent or in conflict with the terms of an Agreement between the Company and

His/

W. Fraser, Esq., C.B.E.,
Deputy Chairman,
Anglo-Persian Oil Company,
Britannic House,
Finsbury Circus,
E.C.2.





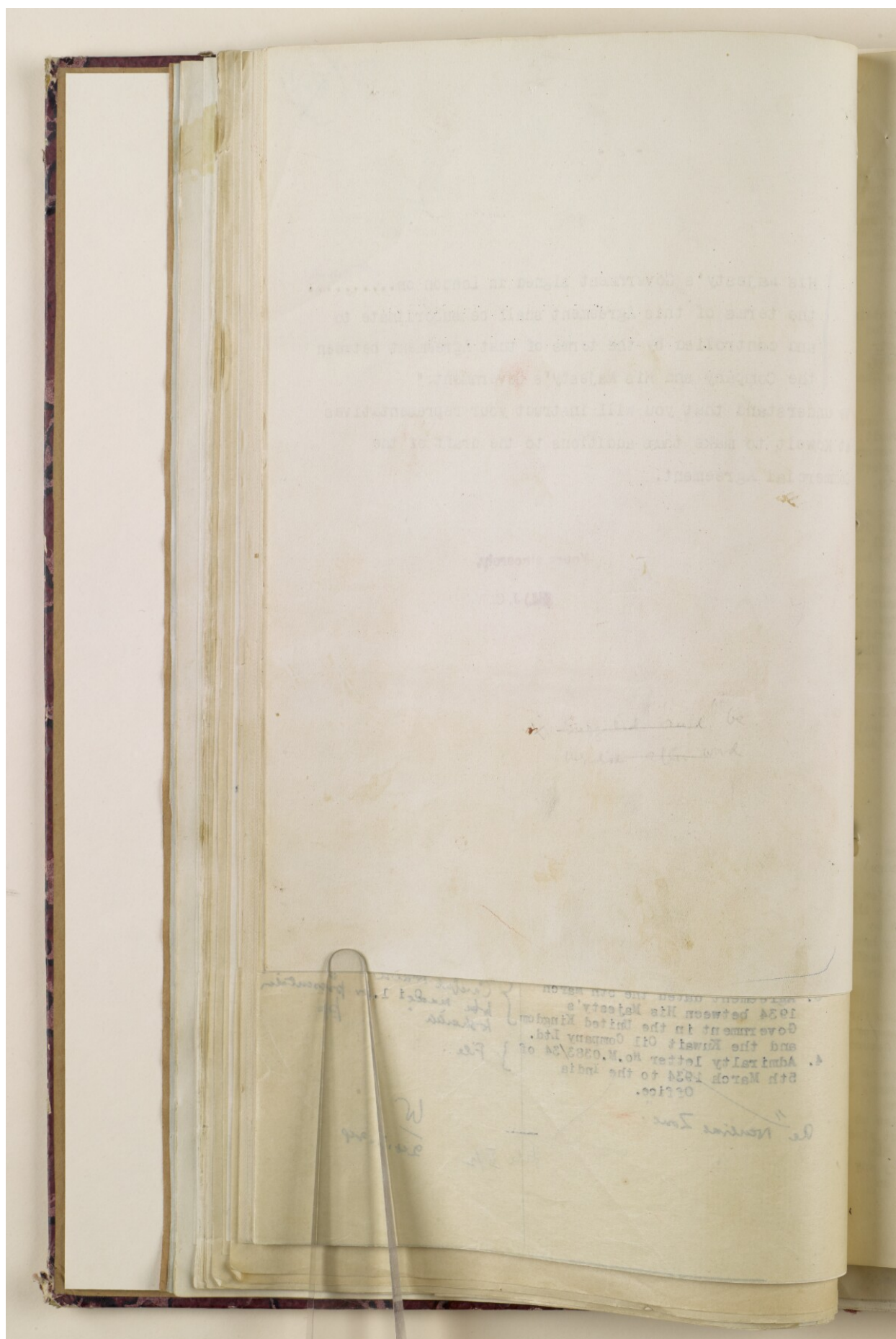
- 2 -

His Majesty's Government signed in London on.....^{5th March}
the terms of this Agreement shall be subordinate to
and controlled by the terms of that Agreement between
the Company and His Majesty's Government."

We understand that you will instruct your representatives
at Koweit to make these additions to the draft of the
Commercial Agreement.

Yours sincerely,

(Sd.) J. C. WATSON.





58 51
T H I S A G R E E M E N T dated the fifth day
of March One thousand nine
hundred and thirty four is made B E T W E E N HIS MAJESTY'S GOVERNMENT
IN THE UNITED KINGDOM (hereinafter called "His Majesty's Government") of
the one part and the KUWAIT OIL COMPANY LIMITED (hereinafter called "the
Company" which expression shall where the context so admits be deemed to
include its successors and/or assignees) of the other part

W H E R E A S in the event of the Kuwait Oil Company obtaining a
concession from the Sheikh of Koweit (hereinafter called "the Sheikh")
certain responsibilities will devolve on His Majesty's Government, the
Company has agreed with His Majesty's Government as follows:-

1. THE ^{Kuwait}~~Koweit~~ Oil Company, any transferee Company and any subsidiary
Company that may be created shall be and remain a British Company
registered in the British Empire.
2. NOTWITHSTANDING anything contained in the Agreement between the
Company and the Sheikh the obligations and benefits of that agreement
shall not be transferred to any other company without the prior consent in
writing of His Majesty's Government, and shall not be transferred to any
company in which more than fifty per centum of the capital and voting power
is directly or indirectly controlled by persons other than British subjects.
3. THE employees of the Company in Koweit shall at all times so far as
is consistent with the efficient carrying on of the undertaking be British
subjects or subjects of the Sheikh. With the consent of His Majesty's
Government, which consent shall not be unreasonably withheld, persons of
other nationalities may be employed if in the opinion of the Company they
are required for the efficient carrying on of the undertaking.
- NOTWITHSTANDING anything contained in the Agreement between the
Company and the Sheikh, the importation of foreign native labour shall be
subject to the approval of the Political Resident in the Persian Gulf.
4. ONE of the superior local employees of the Company shall be
designated chief local representative of the Company in Koweit. The
approval of His Majesty's Government shall be required for the person so
designated. He will be ordinarily resident at Koweit and will be
responsible for the Company's local relations with the Koweit authorities.
These local relations shall always be conducted through the Political
Agent at Koweit, except as regards routine commercial business, which may
be transacted through the official representative (if any) whom the Sheikh
may appoint under the agreement between the Company and the Sheikh.
5. SUBJECT to the terms of the concession the Company undertakes at all
times to pay due deference to the wishes of the Sheikh and to the advice
of the Political Agent and the Political Resident in the Persian Gulf.
6. THE right given to the Company by its agreement with the Sheikh to
utilise means of transportation by air shall be subject to any general
regulations for civil aircraft made by the Sheikh on the advice of His
Majesty's Government.
7. IN the application of the right given to the Sheikh by his Agreement
with the Company to make full use free of charge of the Company's wireless
and telegraph installations and railways for governmental purposes in
times of national emergency, the Sheikh acting on the advice of His
Majesty's Government shall be the sole judge whether a "national emergency"
has arisen.
8. NOTWITHSTANDING anything contained in the agreement between the
Company and the Sheikh the Company shall not have the right to use or
occupy, and shall not include in the areas selected for the purposes of
its operations, any sites which may have been selected by or on behalf of

P.Z.1047/34 (27/2/34).

(1)



the Sheikh or His Majesty's Government for defence purposes, for aerodromes, aeroplane or seaplane bases or for wireless and telegraph installations or in connection with the development of harbours, provided that with the consent of His Majesty's Government which shall not be unreasonably withheld the Company shall have the right to use for the purposes of its operations such harbours as may be developed by the Sheikh or His Majesty's Government if there is not reasonable harbour accommodation available elsewhere. Harbours developed by the Company shall be under its complete and exclusive control.

9. TELEGRAPH, wireless and telephone installations, if any, maintained by the Company shall be for use only in its business and as provided in the concession, and shall be so constructed and operated that their operations shall not interfere with the operations of such wireless, telegraph or telephone installations as may be established by the Sheikh or His Majesty's Government.
10. THE Company declare that it is their intention, should they consider that commercial conditions justify it, to erect a refinery at Koweit, and when the Company is satisfied that commercial production is assured the Company agrees to examine with His Majesty's Government the question of establishing a refinery in Koweit of suitable type and capacity.
11. IN the event of a state of national emergency or war (of the existence of either of which His Majesty's Government shall be the sole judge) His Majesty's Government shall have the right of pre-emption of all the oil produced in Koweit in accordance with the terms of the schedule hereinafter.
12. IN the event of notice of termination of the Agreement between the Company and the Sheikh being given under the terms of that Agreement on the ground that the Company has failed to observe any of the terms of the Agreement between the Company and His Majesty's Government, the arbitration provisions of the said Agreement between the Company and the Sheikh shall apply if the Company considers that notice of termination on such grounds under that Agreement is not justified.

IN WITNESS whereof Sir Louis James Kershaw, K.C.S.I., C.I.E. on behalf of His Majesty's Government has hereunto set his hand and seal and the Company has hereunto caused its Common Seal to be affixed the day and year first above written.

THE SCHEDULE above referred to

Pre-emption Clause.

In the event of a state of national emergency or war (of the existence of which His Majesty's Government shall be the sole judge)

(1) His Majesty's Government shall have the right of pre-emption of all crude oil gotten under the Concession granted by the Sheikh to the Company and of all the products thereof and shall have the right to require the Company to the extent of any refining capacity it may have in Koweit to produce oil fuel that shall comply with the Admiralty specifications at the time provided that Koweit Oil be of a suitable kind and quality for this purpose.

(2) The Company shall use its utmost endeavours to increase so far as reasonably possible with existing facilities the supply of oil and/or products thereof for the Government to the extent required by the Government.

(3) The Company shall with every reasonable expedition and so as to avoid demurrage on the vessel or vessels engaged to convey the same, do its utmost to deliver all oil or products of oil purchased by the Government under their said right of pre-emption in the quantities at the time and in the manner required by the Government at a convenient place of shipment or at a place of storage in Koweit to be determined by His Majesty's Government. In the event of a vessel employed to carry any oil or products thereof on behalf of His Majesty being detained on



demurrage at the port of loading the Company shall pay the amount due for demurrage according to the terms of the charter party and/or the rates of loading previously agreed with the Company, unless the delay is due to causes beyond the control of the Company. Any dispute which may arise as to whether the delay is due to causes beyond the control of the Company shall be settled by agreement between His Majesty's Government and the Company, and, in default of such agreement, the question shall be referred to two arbitrators, one to be chosen by His Majesty's Government (or the Political Resident) and the other by the Company, with power to appoint an umpire in case of disagreement, such arbitration to be held in England and to be deemed a reference to arbitration under the provisions of the Arbitration Act of 1889 (52 and 53 Vict.C.49) of the Imperial Parliament, or any statutory modification or re-enactment thereof for the time being in force.

(4) The price to be paid for all oil or products of the refining or treatment of oil taken in pre-emption by His Majesty's Government shall be either (a) as specified in a separate agreement or (b) if no such agreement shall have been entered into, a fair price for the time being at the point of delivery as the same shall be settled by agreement between His Majesty's Government and the Company, or in default of such agreement by arbitration in the manner provided by the last preceding sub-clause.

To assist in arriving at a fair price at the point of delivery the Company shall furnish for the confidential information of His Majesty's Government, if so required, particulars of the quantities, descriptions and prices of Kuwait oil or products sold to other customers and of charters or contracts entered into for carriage and shall exhibit to His Majesty's Government original or authenticated copies of contracts or charter parties entered into for the sale and/or carriage of such oil or products.

(5) His Majesty's Government shall be at liberty to take control of the works, plant and premises of the Company in Kuwait, and in such event the Company shall conform to and obey all directions issued by or on behalf of His Majesty's Government. Compensation shall be paid to the Company for any loss or damage that may be proved to have been sustained by the Company by reason of the exercise by His Majesty's Government of the powers conferred by this sub-clause. Any such compensation shall be settled by agreement between His Majesty's Government and the Company or, in default of agreement, by arbitration in the manner provided by sub-clause 3.

BEING SEALED AND DELIVERED by)
said Sir Louis James Kershaw)
on behalf of His Majesty's)
Government in the presence of)

L.J. Kershaw

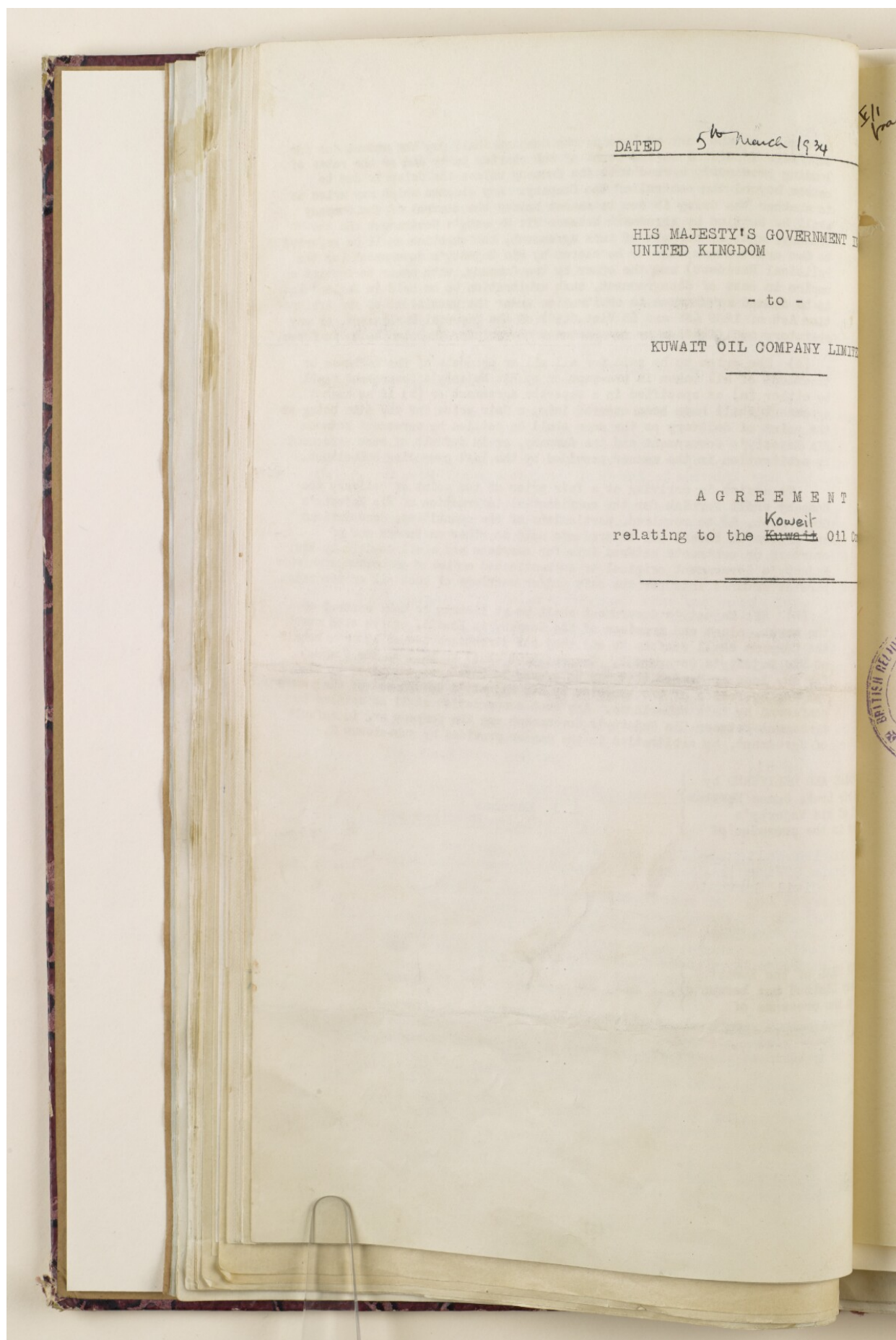
John Charles Walton
India Office
Civil Servant

COMMON SEAL of the Kuwait)
Company Limited was hereunto)
fixed in the presence of)

A.C. Hearn

Guy Stevens

H.T. Kemp



DATED 5th March 1934

HIS MAJESTY'S GOVERNMENT IN
UNITED KINGDOM

- to -

KUWAIT OIL COMPANY LIMITED

A G R E E M E N T
relating to the Kuwait Oil Co





File 5/1 + relevant papers on 23.3

CONFIDENTIAL.

No. C/81 of 1934.

R.N. 261
30.3.34.

The Hon'ble the Political Resident in the Persian Gulf presents his compliments to

The Political Agent,
Kuwait,

and has the honour to transmit to him a copy of the undermentioned document (s). for information.

Office of the Political Resident
in the Persian Gulf,
Camp, Bahrain.
~~British Consulate General~~
BUSHIRE.

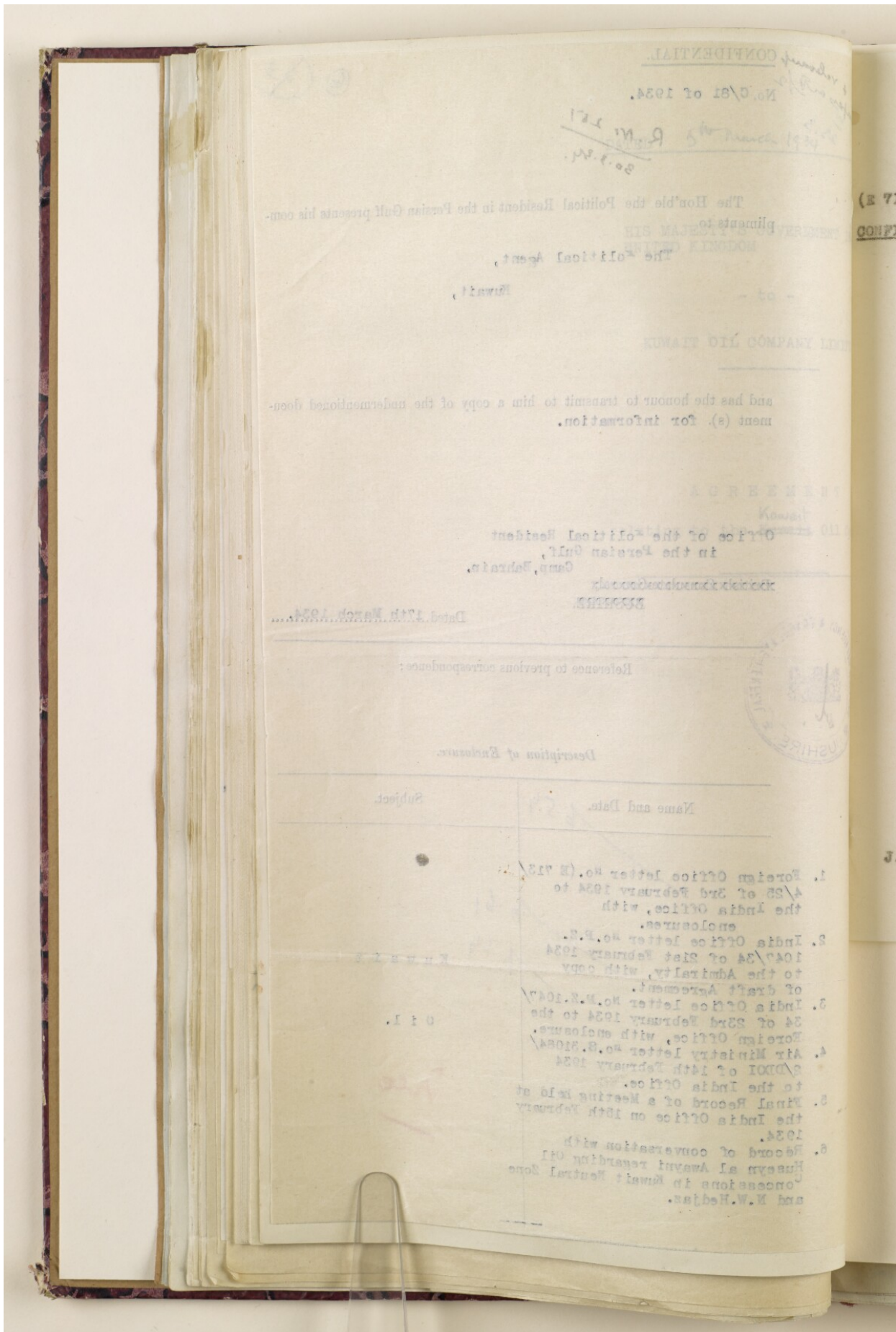
Dated 17th March 1934.

Reference to previous correspondence:

BRITISH LEGATION & CONSUL GENERAL BUSHIRE

Description of Enclosure.

Name and Date.	Subject.
1. Foreign Office letter No. (E 713/4/25 of 3rd February 1934 to the India Office, with enclosures.	<i>p. 61</i>
2. India Office letter No. P.Z. 1047/34 of 21st February 1934 to the Admiralty, with copy of draft Agreement.	<i>p. 64</i> Kuwait
3. India Office letter No. P.Z. 1047/34 of 23rd February 1934 to the Foreign Office, with enclosure.	O i l.
4. Air Ministry letter No. S. 31084/2/DDOI of 14th February 1934 to the India Office.	<i>Free</i>
5. Final Record of a Meeting held at the India Office on 15th February 1934.	
6. Record of conversation with Huseyn al Awayni regarding Oil Concessions in Kuwait Neutral Zone and N.W. Hedjaz.	





(E 713/4/25)

CONFIDENTIAL.

FOREIGN OFFICE, ~~Secret~~

3rd February, 1934.

My dear Laithwaite

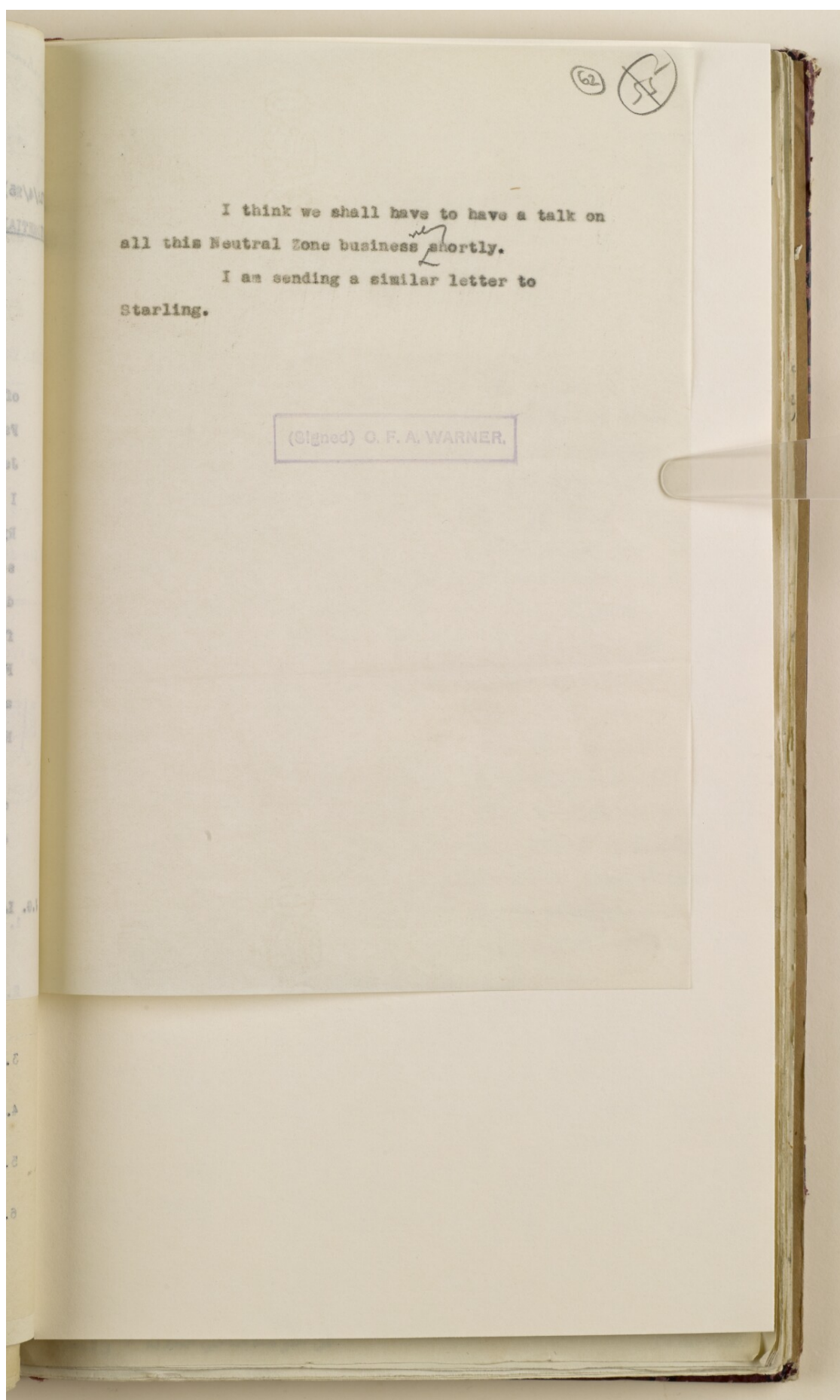
With reference to my letter No. E 23/4/25 of the 10th January about the Hasa oil concession and Farrer's letter to me No. 24292/24/2/2 of the 25th January about the Kuwait Neutral Zone oil concession, I send you the enclosed copies of two letters from Ryan about these and other oil matters. We are sending you officially a copy of Ryan's latest despatch about the Neutral Zone concession, giving a fuller record of his conversations with Awayni and Fuad Hamza than that contained in his telegram No. 4, a copy of which was enclosed in our official letter No. E 313/4/25 of the 18th January.

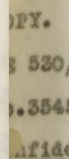
As Philby's remarks were made to Ryan in confidence, I must ask you to keep the information derived from him secret.

I

J.G. Laithwaite, Esq.









OPY.

530/4/25)

.3545/353/80.

Confidential.

British Legation,

Jedda,

Saudi Arabia.

30th December, 1938.

My dear Christopher,

Your letter E 7290/487/25 of December 5:-

I tackled Fuad friendly-like on the subject of oil concessions on December 29. I referred to conversations which he had started last summer about a possible concession in 'Asir and the Farsans and threw out a mention of Ydlibi.

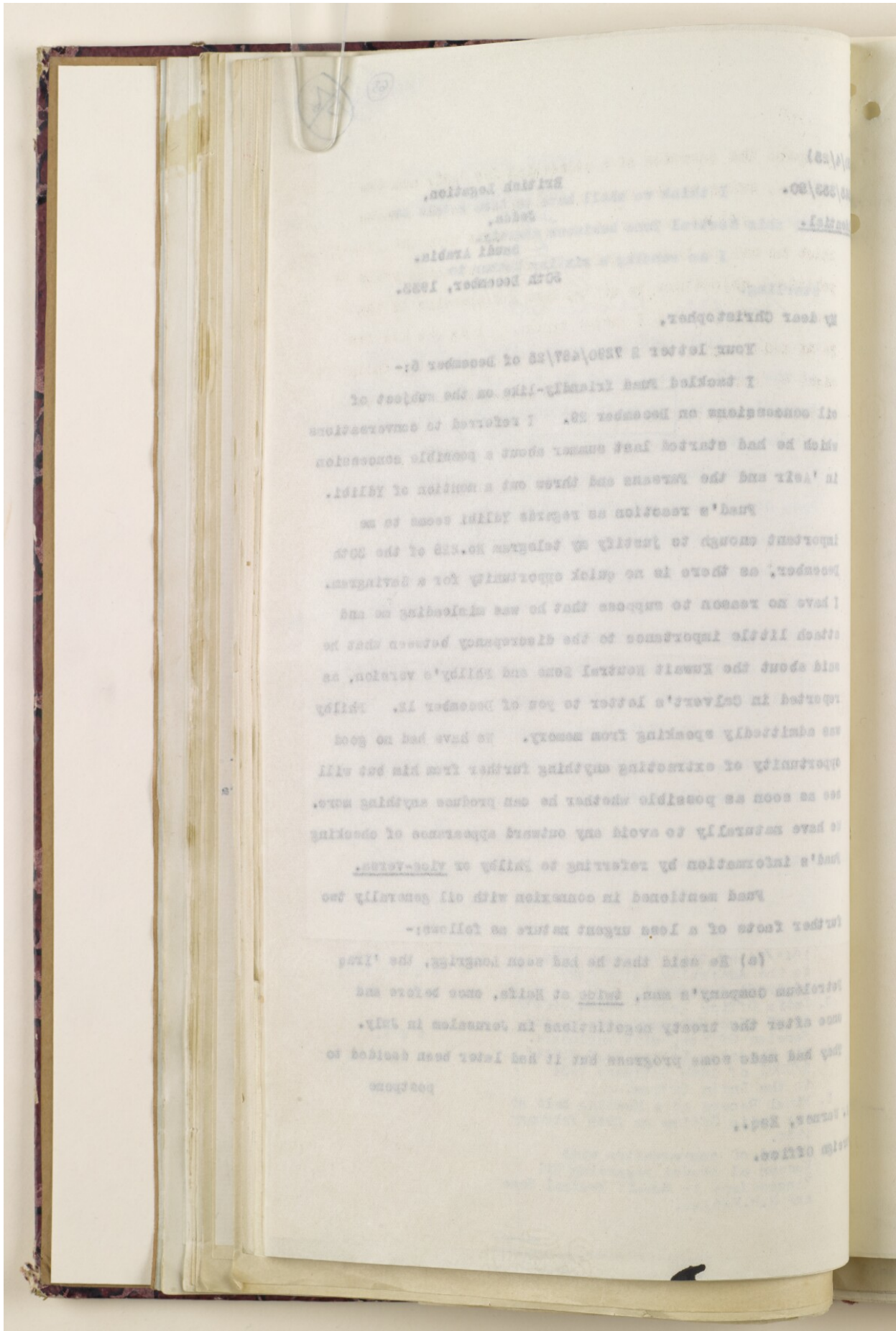
Fuad's reaction as regards Ydlibi seems to me important enough to justify my telegram No. 228 of the 30th December, as there is no quick opportunity for a Savingsgram. I have no reason to suppose that he was misleading me and attach little importance to the discrepancy between what he said about the Kuwait Neutral Zone and Philby's version, as reported in Calvert's letter to you of December 12. Philby was admittedly speaking from memory. We have had no good opportunity of extracting anything further from him but will see as soon as possible whether he can produce anything more. We have naturally to avoid any outward appearance of checking Fuad's information by referring to Philby or vice-versa.

Fuad mentioned in connexion with oil generally two further facts of a less urgent nature as follows:-

(a) He said that he had seen Longrigg, the 'Iraq Petroleum Company's man, twice at Haifa, once before and once after the treaty negotiations in Jerusalem in July. They had made some progress but it had later been decided to postpone

F. A. Warner, Esq.,

Foreign Office.



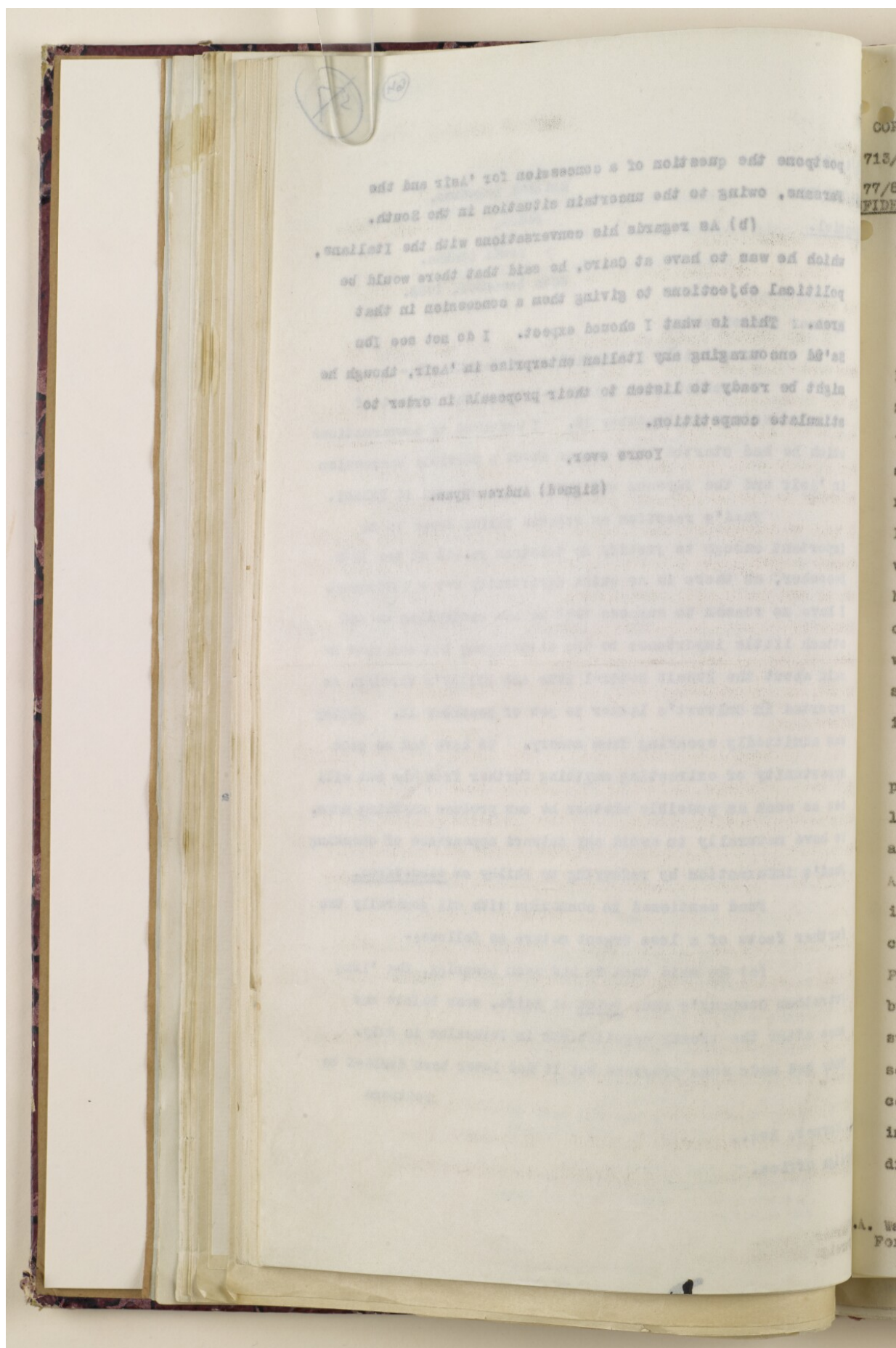


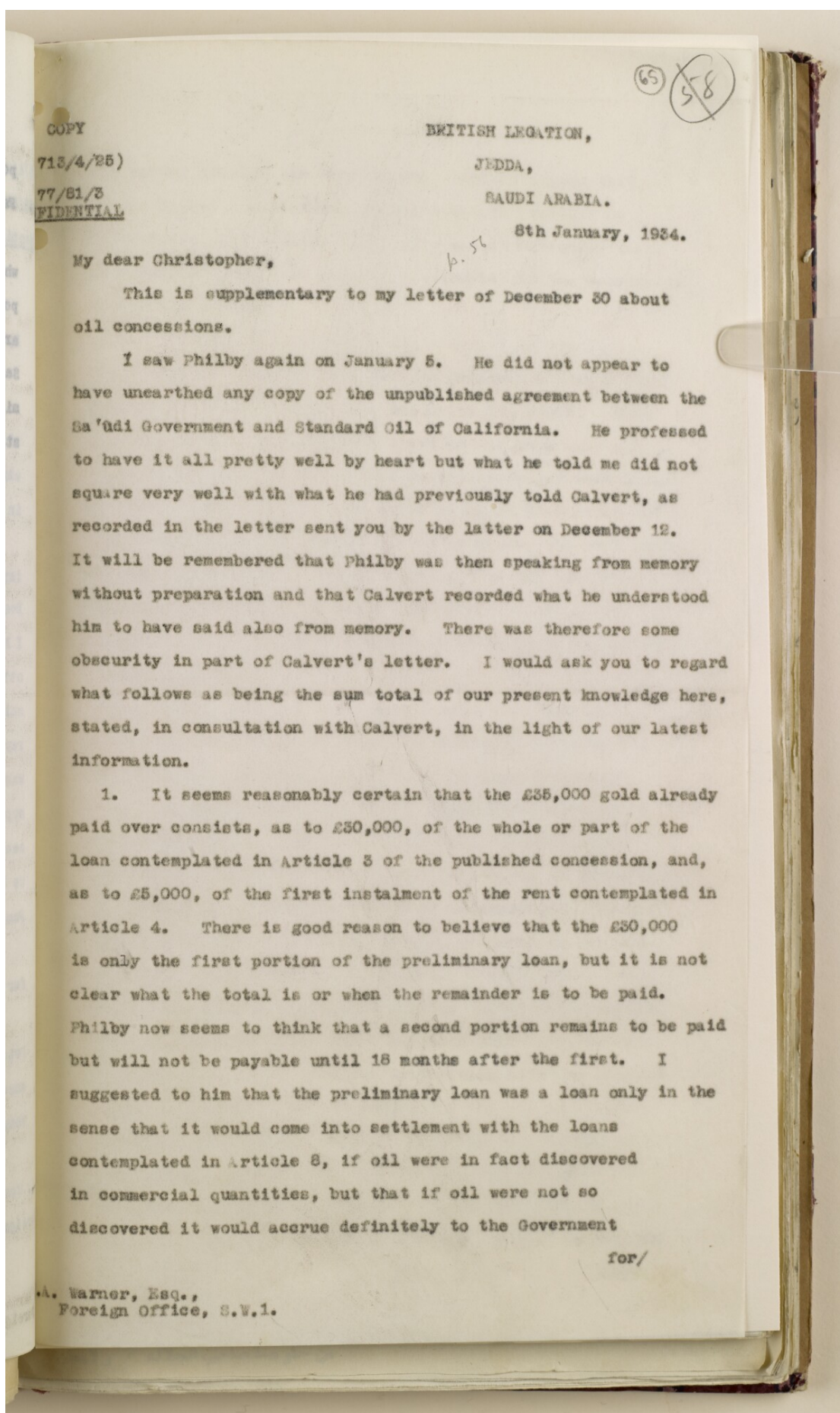
64
57
postpone the question of a concession for 'Asir and the
Farsans, owing to the uncertain situation in the South.

(b) As regards his conversations with the Italians,
which he was to have at Cairo, he said that there would be
political objections to giving them a concession in that
area. This is what I should expect. I do not see Ibn
Sa'ad encouraging any Italian enterprise in 'Asir, though he
might be ready to listen to their proposals in order to
stimulate competition.

Yours ever,

(Signed) Andrew Ryan.





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CONFIDENTIAL

BRITISH LEGATION,

JEDDA,

SAUDI ARABIA.

8th January, 1934.

My dear Christopher,

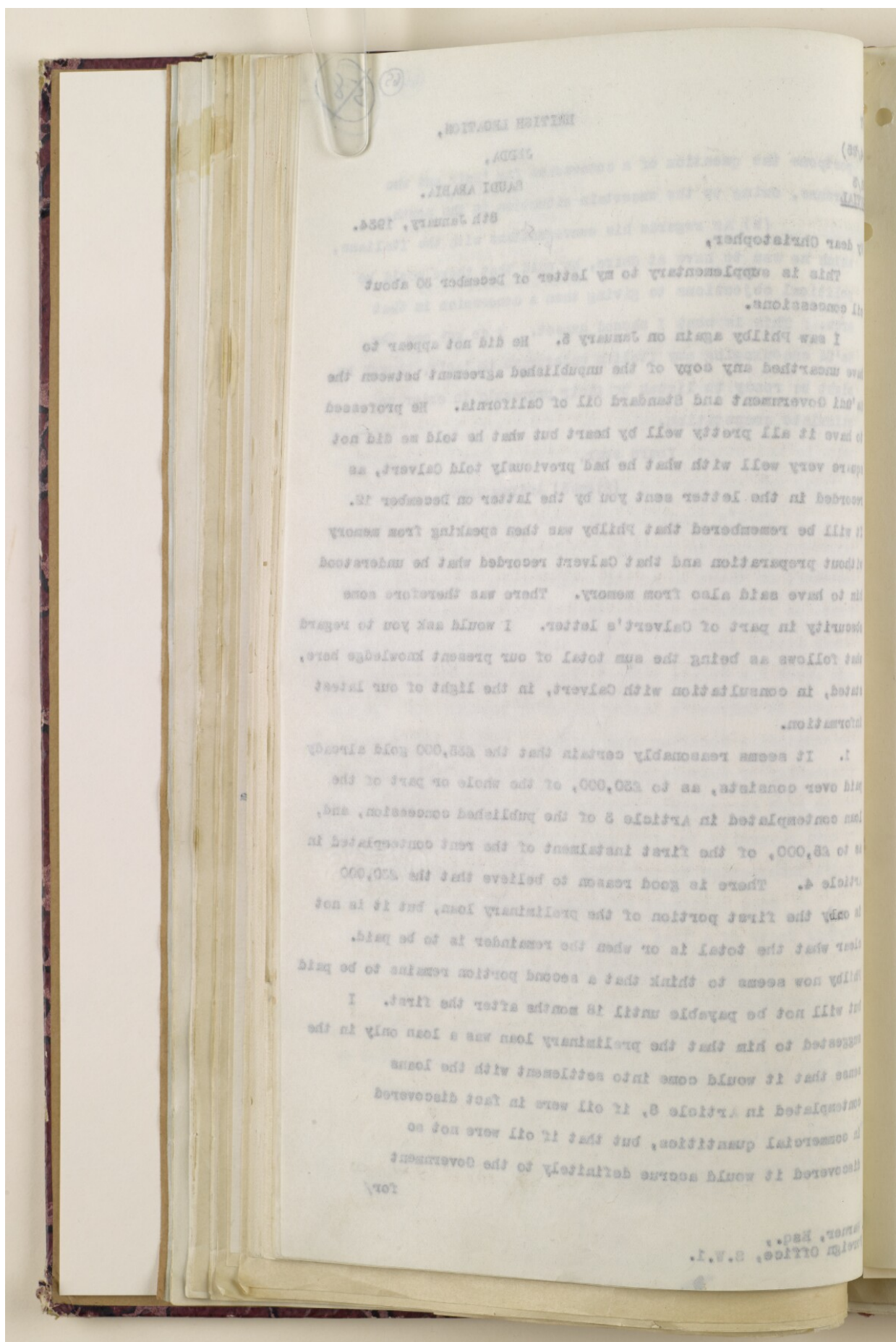
This is supplementary to my letter of December 30 about oil concessions.

I saw Philby again on January 5. He did not appear to have unearthed any copy of the unpublished agreement between the Sa'udi Government and Standard Oil of California. He professed to have it all pretty well by heart but what he told me did not square very well with what he had previously told Calvert, as recorded in the letter sent you by the latter on December 12. It will be remembered that Philby was then speaking from memory without preparation and that Calvert recorded what he understood him to have said also from memory. There was therefore some obscurity in part of Calvert's letter. I would ask you to regard what follows as being the sum total of our present knowledge here, stated, in consultation with Calvert, in the light of our latest information.

1. It seems reasonably certain that the £35,000 gold already paid over consists, as to £30,000, of the whole or part of the loan contemplated in Article 3 of the published concession, and, as to £5,000, of the first instalment of the rent contemplated in Article 4. There is good reason to believe that the £30,000 is only the first portion of the preliminary loan, but it is not clear what the total is or when the remainder is to be paid. Philby now seems to think that a second portion remains to be paid but will not be payable until 18 months after the first. I suggested to him that the preliminary loan was a loan only in the sense that it would come into settlement with the loans contemplated in Article 8, if oil were in fact discovered in commercial quantities, but that if oil were not so discovered it would accrue definitely to the Government

for/

A. Warner, Esq.,
Foreign Office, S.W.1.

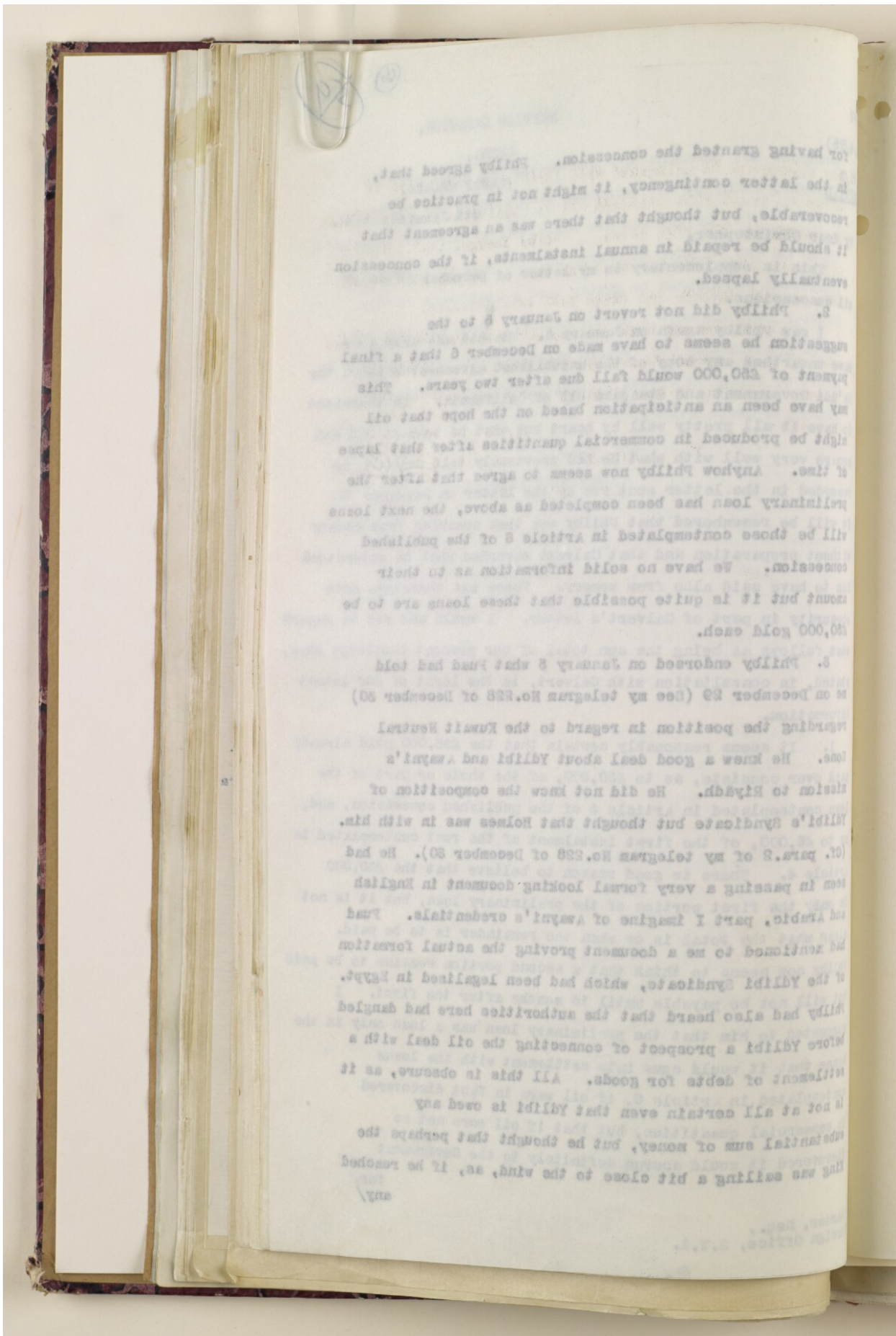




(66) (59)
for having granted the concession. Philby agreed that, in the latter contingency, it might not in practice be recoverable, but thought that there was an agreement that it should be repaid in annual instalments, if the concession eventually lapsed.

2. Philby did not revert on January 5 to the suggestion he seems to have made on December 6 that a final payment of £50,000 would fall due after two years. This may have been an anticipation based on the hope that oil might be produced in commercial quantities after that lapse of time. Anyhow Philby now seems to agree that after the preliminary loan has been completed as above, the next loans will be those contemplated in Article 8 of the published concession. We have no solid information as to their amount but it is quite possible that these loans are to be £50,000 gold each.

3. Philby endorsed on January 5 what Fuad had told me on December 29 (See my telegram No. 228 of December 30) regarding the position in regard to the Kuwait Neutral Zone. He knew a good deal about Ydlibi and Awayni's mission to Riyadh. He did not know the composition of Ydlibi's Syndicate but thought that Holmes was in with him. (Cf. para. 2 of my telegram No. 228 of December 30). He had seen in passing a very formal looking document in English and Arabic, part I imagine of Awayni's credentials. Fuad had mentioned to me a document proving the actual formation of the Ydlibi Syndicate, which had been legalised in Egypt. Philby had also heard that the authorities here had dangled before Ydlibi a prospect of connecting the oil deal with a settlement of debts for goods. All this is obscure, as it is not at all certain even that Ydlibi is owed any substantial sum of money, but he thought that perhaps the King was sailing a bit close to the wind, as, if he reached
any/





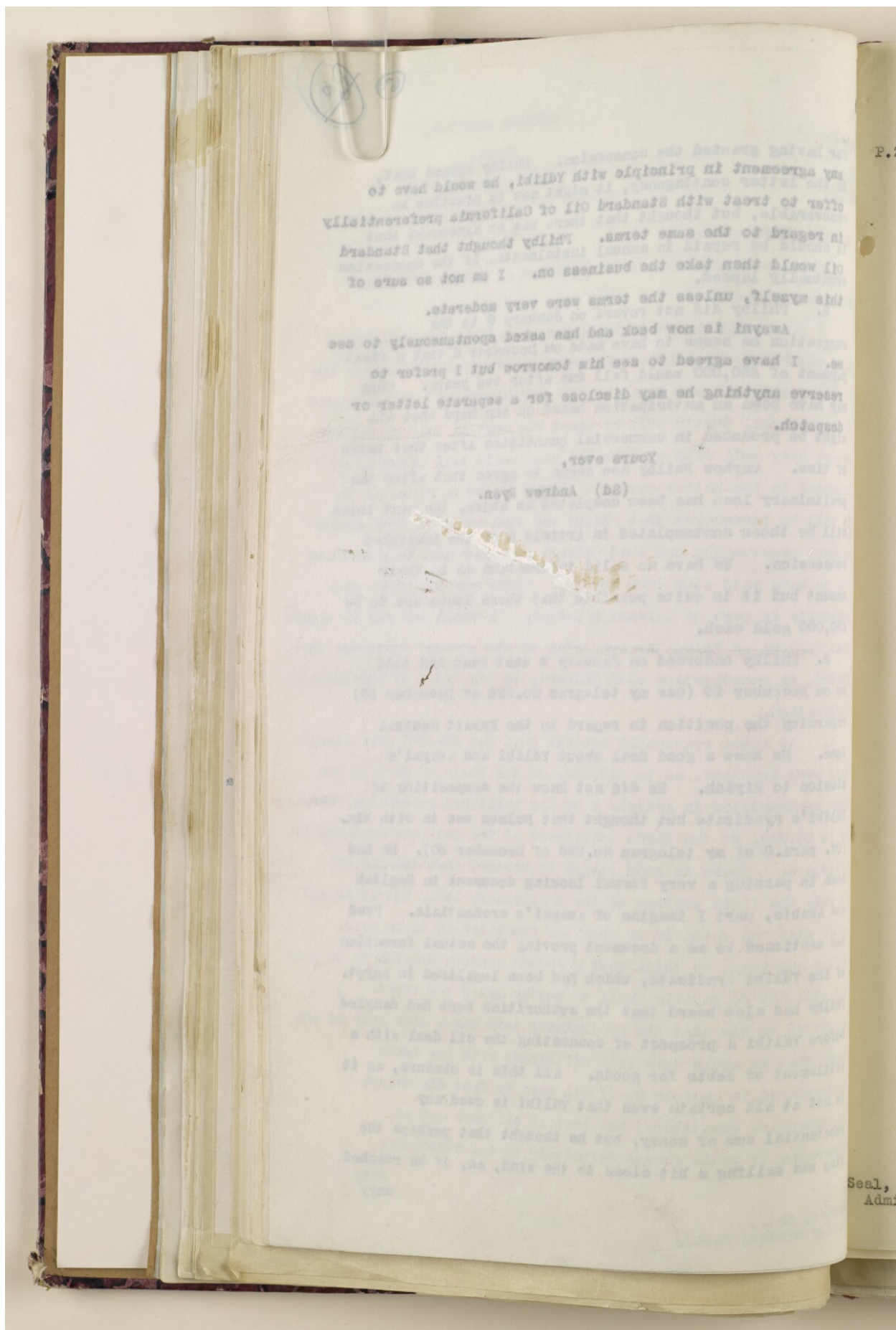
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any agreement in principle with Ydlibi, he would have to offer to treat with Standard Oil of California preferentially in regard to the same terms. Philby thought that Standard Oil would then take the business on. I am not so sure of this myself, unless the terms were very moderate.

Awayni is now back and has asked spontaneously to see me. I have agreed to see him tomorrow but I prefer to reserve anything he may disclose for a separate letter or despatch.

Yours ever,

(Sd) Andrew Ryan.





P.Z.1047/34.

Immediate.

INDIA OFFICE,

WHITEHALL, S.W.1

21st February 1934.

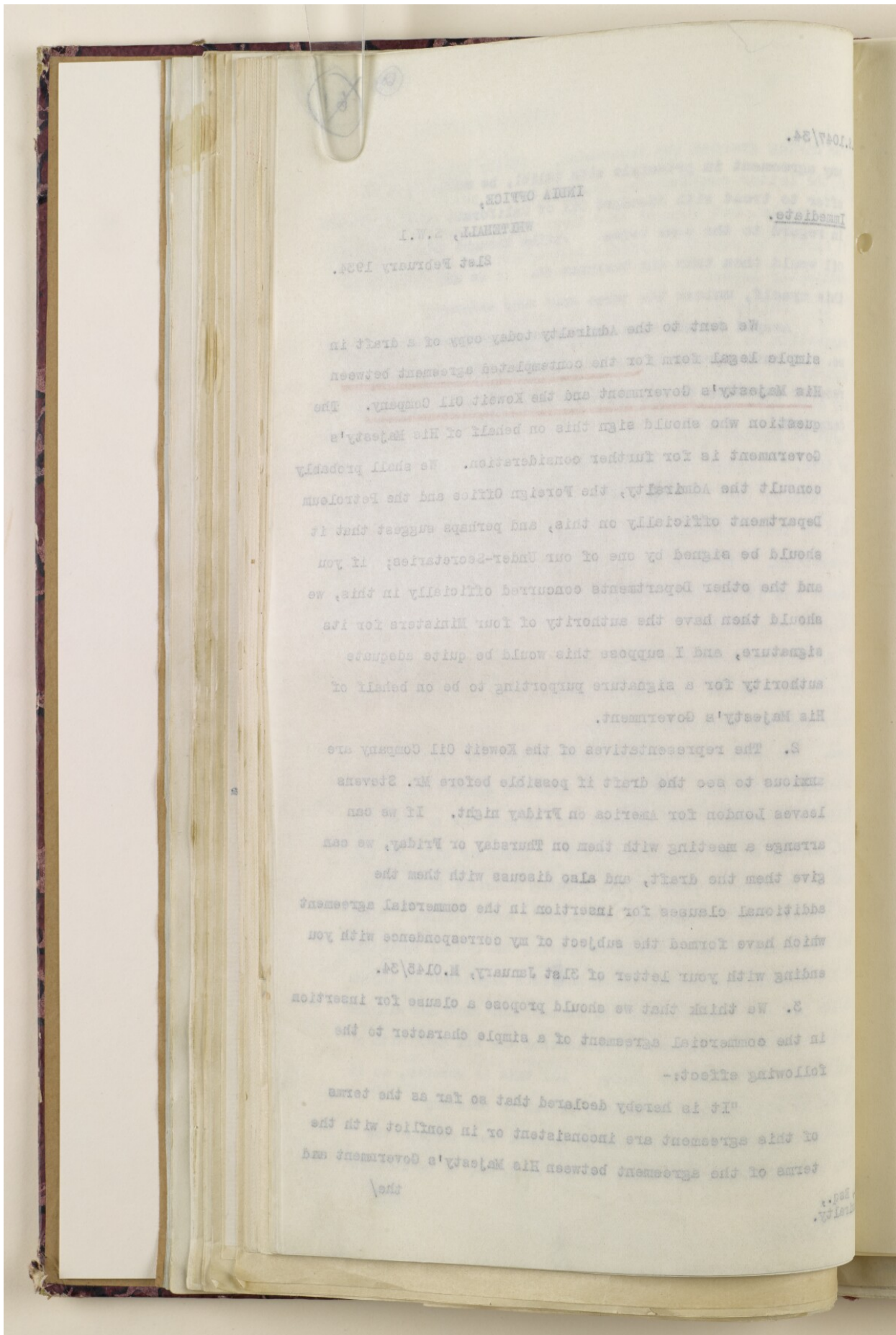
We sent to the Admiralty today copy of a draft in simple legal form for the contemplated agreement between His Majesty's Government and the Koweit Oil Company. The question who should sign this on behalf of His Majesty's Government is for further consideration. We shall probably consult the Admiralty, the Foreign Office and the Petroleum Department officially on this, and perhaps suggest that it should be signed by one of our Under-Secretaries; if you and the other Departments concurred officially in this, we should then have the authority of four Ministers for its signature, and I suppose this would be quite adequate authority for a signature purporting to be on behalf of His Majesty's Government.

2. The representatives of the Koweit Oil Company are anxious to see the draft if possible before Mr. Stevens leaves London for America on Friday night. If we can arrange a meeting with them on Thursday or Friday, we can give them the draft, and also discuss with them the additional clauses for insertion in the commercial agreement which have formed the subject of my correspondence with you ending with your letter of 31st January, M.0145/34.

3. We think that we should propose a clause for insertion in the commercial agreement of a simple character to the following effect:-

"It is hereby declared that so far as the terms of this agreement are inconsistent or in conflict with the terms of the agreement between His Majesty's Government and the/

Seal, Esq.,
Admiralty.





- 2 -

the Company (which agreement is set out in the Schedule hereto) the terms of this agreement shall be subordinate to and controlled by the terms of the agreement between His Majesty's Government and the Company."

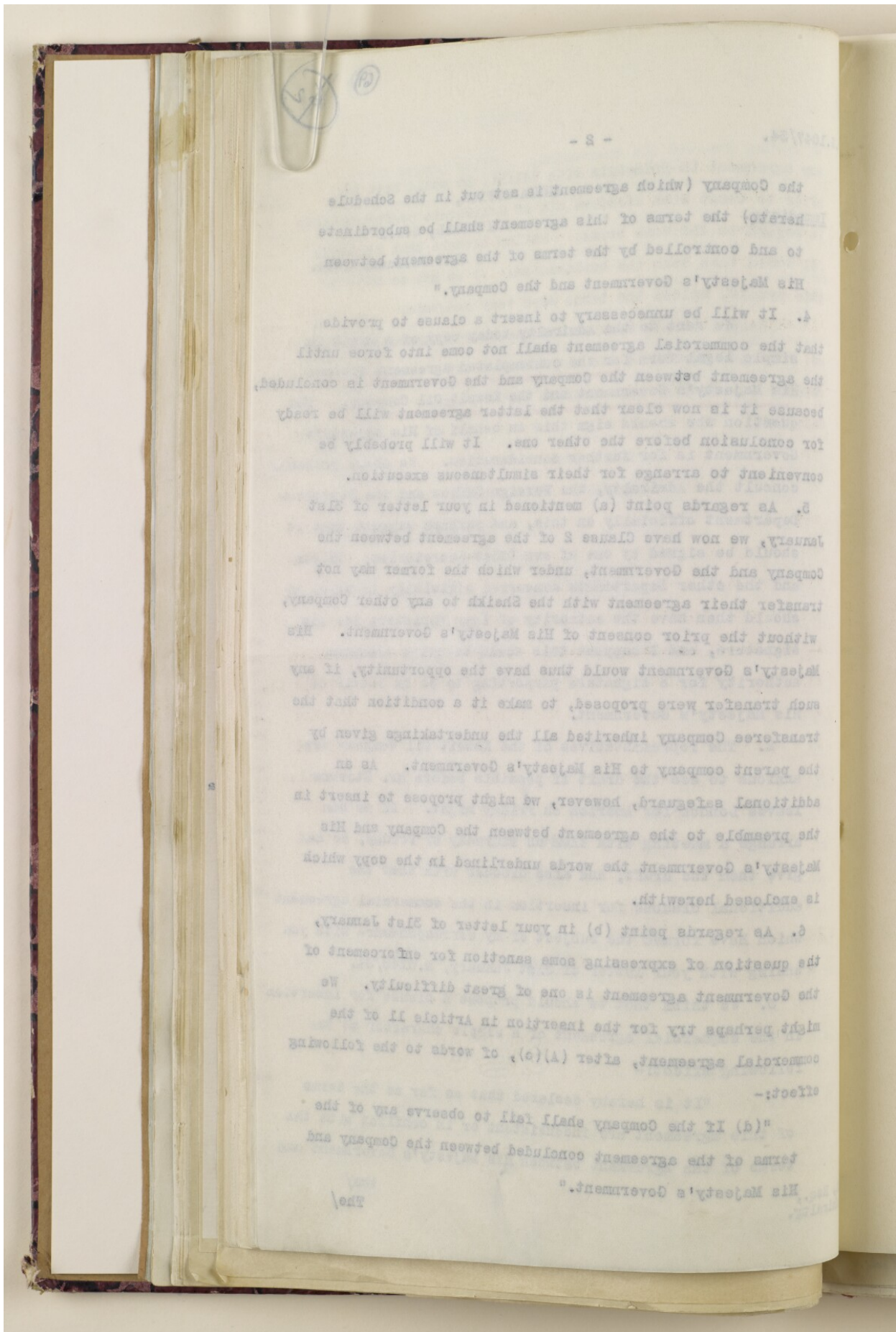
4. It will be unnecessary to insert a clause to provide that the commercial agreement shall not come into force until the agreement between the Company and the Government is concluded, because it is now clear that the latter agreement will be ready for conclusion before the other one. It will probably be convenient to arrange for their simultaneous execution.

5. As regards point (a) mentioned in your letter of 31st January, we now have Clause 2 of the agreement between the Company and the Government, under which the former may not transfer their agreement with the Sheikh to any other Company, without the prior consent of His Majesty's Government. His Majesty's Government would thus have the opportunity, if any such transfer were proposed, to make it a condition that the transferee Company inherited all the undertakings given by the parent company to His Majesty's Government. As an additional safeguard, however, we might propose to insert in the preamble to the agreement between the Company and His Majesty's Government the words underlined in the copy which is enclosed herewith.

6. As regards point (b) in your letter of 31st January, the question of expressing some sanction for enforcement of the Government agreement is one of great difficulty. We might perhaps try for the insertion in Article 11 of the commercial agreement, after (A)(c), of words to the following effect:-

"(d) If the Company shall fail to observe any of the terms of the agreement concluded between the Company and His Majesty's Government."

The/





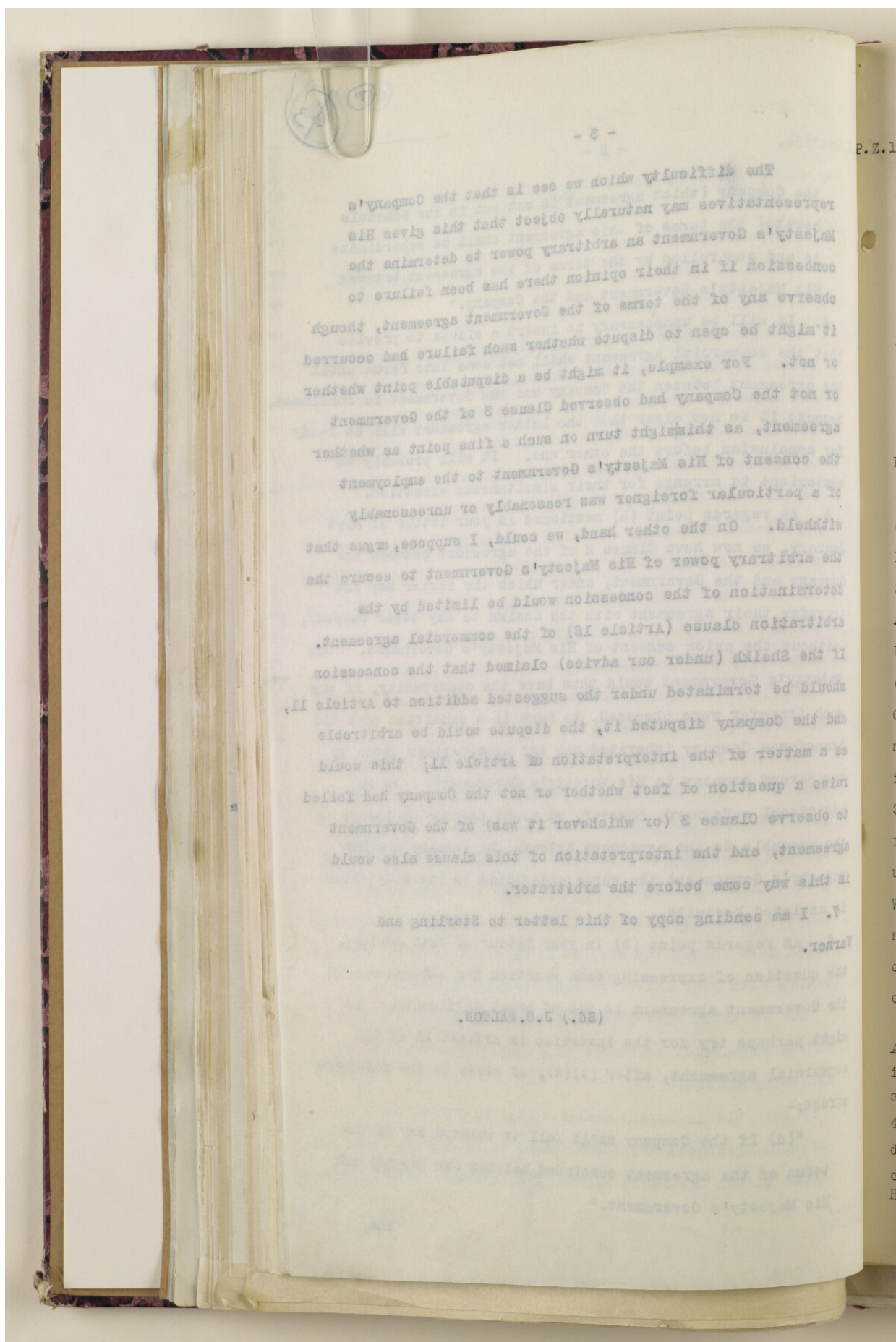
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The difficulty which we see is that the Company's representatives may naturally object that this gives His Majesty's Government an arbitrary power to determine the concession if in their opinion there has been failure to observe any of the terms of the Government agreement, though it might be open to dispute whether such failure had occurred or not. For example, it might be a disputable point whether or not the Company had observed Clause 3 of the Government agreement, as this might turn on such a fine point as whether the consent of His Majesty's Government to the employment of a particular foreigner was reasonably or unreasonably withheld. On the other hand, we could, I suppose, argue that the arbitrary power of His Majesty's Government to secure the determination of the concession would be limited by the arbitration clause (Article 18) of the commercial agreement. If the Sheikh (under our advice) claimed that the concession should be terminated under the suggested addition to Article 11, and the Company disputed it, the dispute would be arbitrable as a matter of the interpretation of Article 11; this would raise a question of fact whether or not the Company had failed to observe Clause 3 (or whichever it was) of the Government agreement, and the interpretation of this clause also would in this way come before the arbitrator.

7. I am sending copy of this letter to Starling and Warner.

(Sd.) J.C. WALTON.





P.Z.1047/34.

*Final Agreement
between His Majesty's Govt
& Political Agreement*

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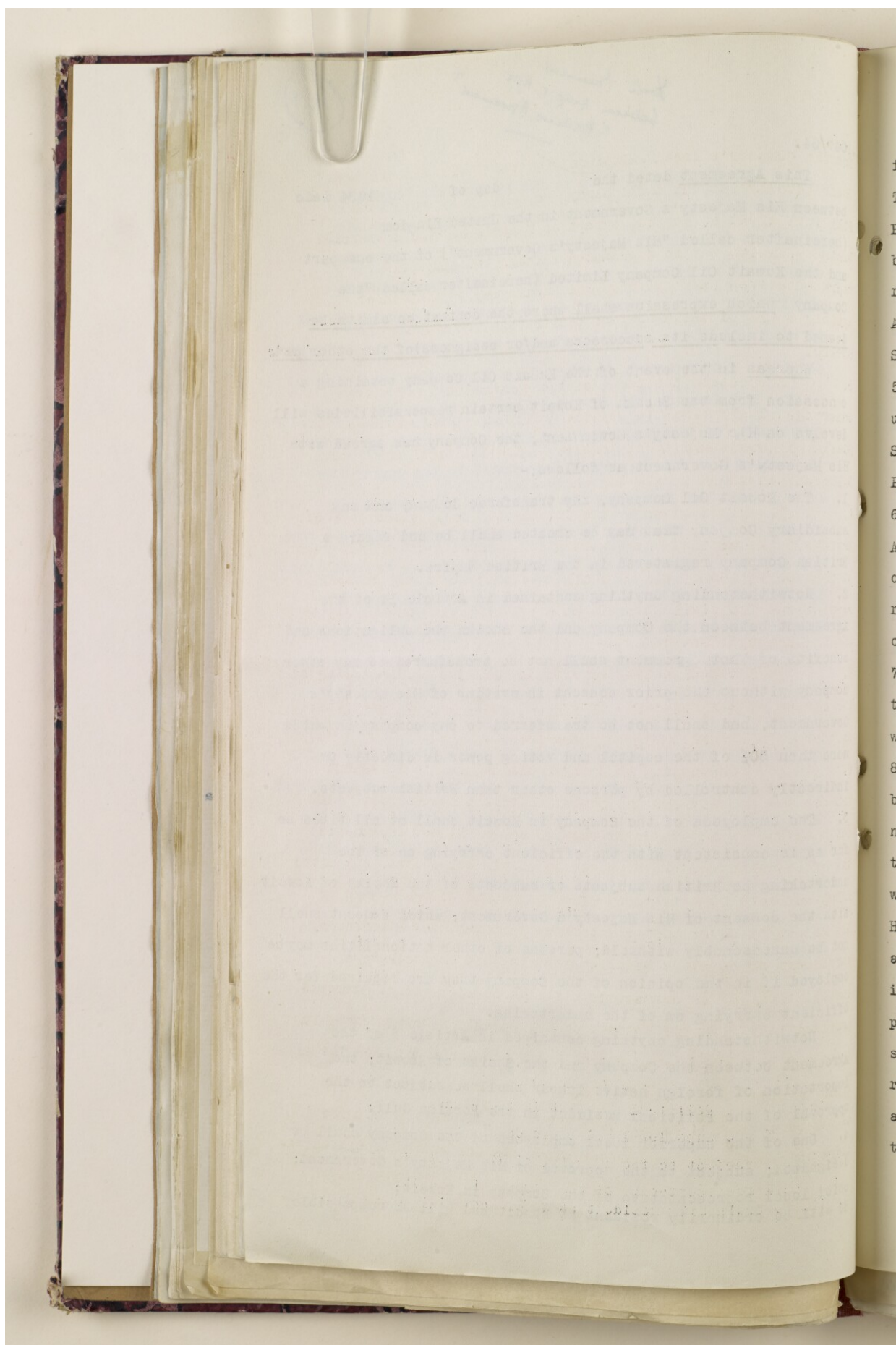
This Agreement dated the _____ day of _____ 1934 made between His Majesty's Government in the United Kingdom (hereinafter called "His Majesty's Government") of the one part and the Kuwait Oil Company Limited (hereinafter called "the Company which expression shall where the context so admits be deemed to include its successors and/or assignees) of the other part.

Whereas in the event of the Kuwait Oil Company obtaining a concession from the Sheikh of Koweit certain responsibilities will devolve on His Majesty's Government, the Company has agreed with His Majesty's Government as follows:-

1. The Kuwait Oil Company, any transferee Company and any subsidiary Company that may be created shall be and remain a British Company registered in the British Empire.
2. Notwithstanding anything contained in Article 14 of the Agreement between the Company and the Sheikh the obligations and benefits of that agreement shall not be transferred to any other company without the prior consent in writing of His Majesty's Government, and shall not be transferred to any company in which more than 50% of the capital and voting power is directly or indirectly controlled by persons other than British subjects.
3. The employees of the Company in Koweit shall at all times so far as is consistent with the efficient carrying on of the undertaking be British subjects or subjects of the Sheikh of Koweit With the consent of His Majesty's Government, which consent shall not be unreasonably withheld, persons of other nationalities may be employed if in the opinion of the Company they are required for the efficient carrying on of the undertaking.

Notwithstanding anything contained in Article 8 of the Agreement between the Company and the Sheikh of Koweit, the importation of foreign native labour shall be subject to the approval of the Political Resident in the Persian Gulf.

4. One of the superior local employees of the Company shall be designated, subject to the approval of His Majesty's Government, chief local representative of the Company in Koweit. He will be ordinarily resident at Koweit and will be responsible



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for the Company's local relations with the Koweit authorities. These local relations shall always be conducted through the Political Agent at Koweit, except as regards routine commercial business, which may be transacted through the official representatives (if any) whom the Sheikh may appoint under Article 6 (B) of the agreement between the Company and the Sheikh.

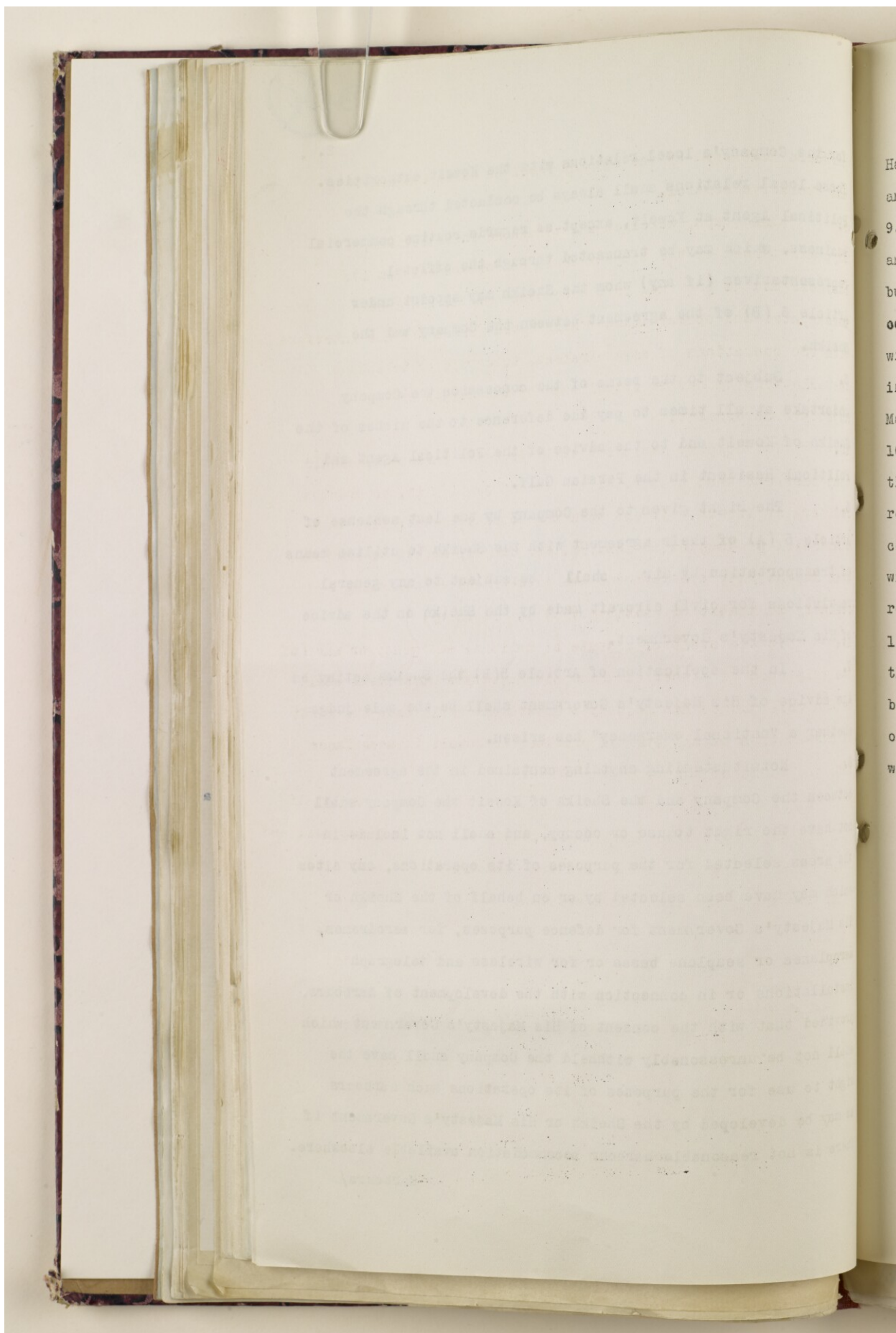
5. Subject to the terms of the concession the Company undertake at all times to pay due deference to the wishes of the Sheikh of Koweit and to the advice of the Political Agent and Political Resident in the Persian Gulf.

6. The right given to the Company by the last sentence of Article 5 (A) of their agreement with the Sheikh to utilise means of transportation by air shall be subject to any general regulations for civil aircraft made by the Sheikh on the advice of His Majesty's Government.

7. In the application of Article 5(B) the Sheikh acting on the advice of His Majesty's Government shall be the sole judge whether a "national emergency" has arisen.

8. Notwithstanding anything contained in the agreement between the Company and the Sheikh of Koweit the Company shall not have the right to use or occupy, and shall not include in the areas selected for the purposes of its operations, any sites which may have been selected by or on behalf of the Sheikh or His Majesty's Government for defence purposes, for aerodromes, aeroplanes or seaplane bases or for wireless and telegraph installations or in connection with the development of harbours, provided that with the consent of His Majesty's Government which shall not be unreasonably withheld the Company shall have the right to use for the purposes of its operations such harbours as may be developed by the Sheikh or His Majesty's Government if there is not reasonable harbour accommodation available elsewhere.

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Harbours developed by the Company shall be under its complete and exclusive control.

9. Telegraph, wireless and telephone installations, if any, maintained by the Company shall be for use only in its business and as provided in the concession, and shall be so constructed and operated that their operations shall not interfere with the operations of such wireless, telegraph or telephone installations as may be established by the Sheikh or His Majesty's Government.

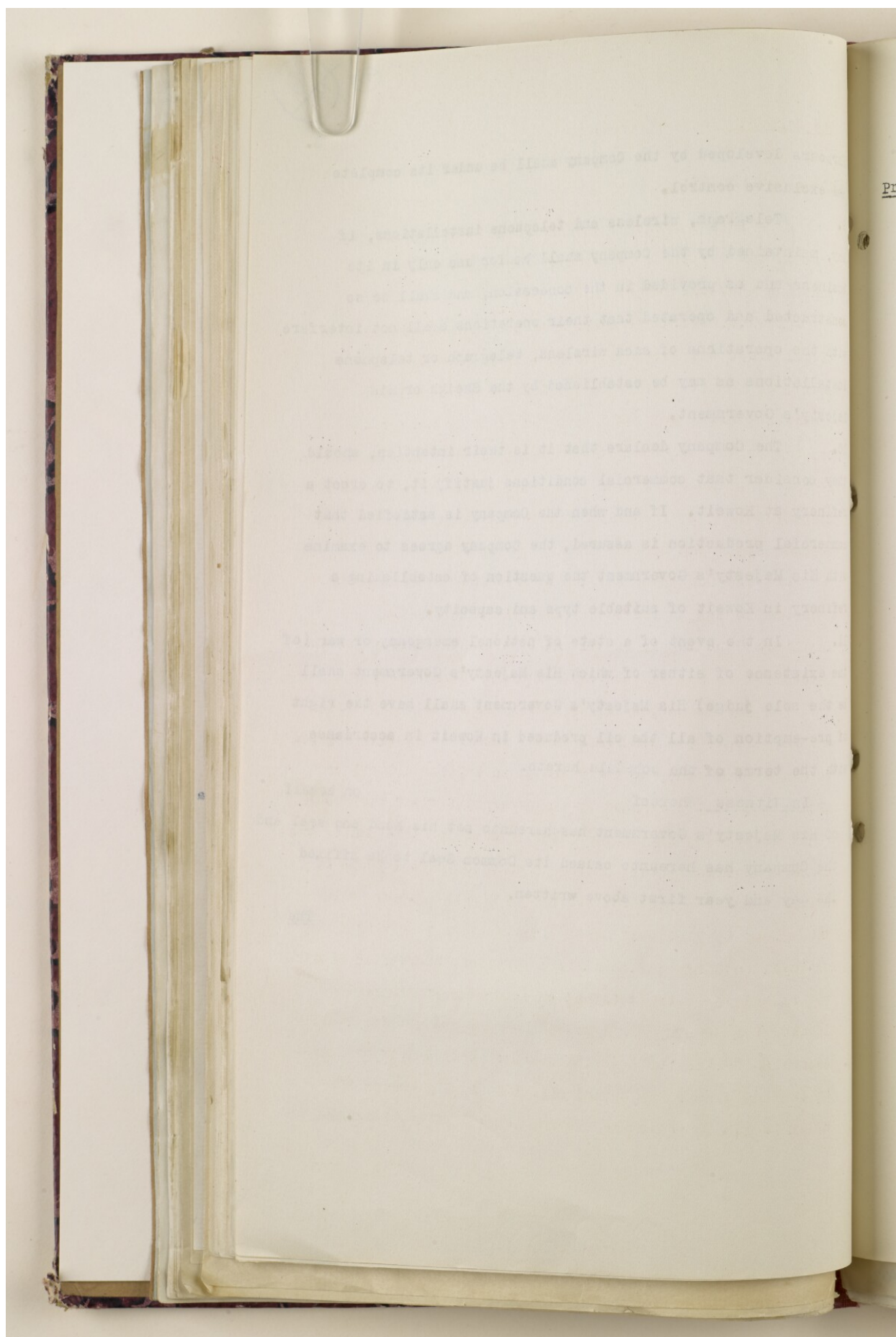
10. The Company declare that it is their intention, should they consider that commercial conditions justify it, to erect a refinery at Koweit. If and when the Company is satisfied that commercial production is assured, the Company agrees to examine with His Majesty's Government the question of establishing a refinery in Koweit of suitable type and capacity.

11. In the event of a state of national emergency or war (of the existence of either of which His Majesty's Government shall be the sole judge) His Majesty's Government shall have the right of pre-emption of all the oil produced in Koweit in accordance with the terms of the Schedule hereto.

In Witness Whereof
of His Majesty's Government has hereunto set his hand and seal and
the Company has hereunto caused its Common Seal to be affixed
the day and year first above written.

on behalf

The





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The Schedule above referred to

Pre-emption Clause.

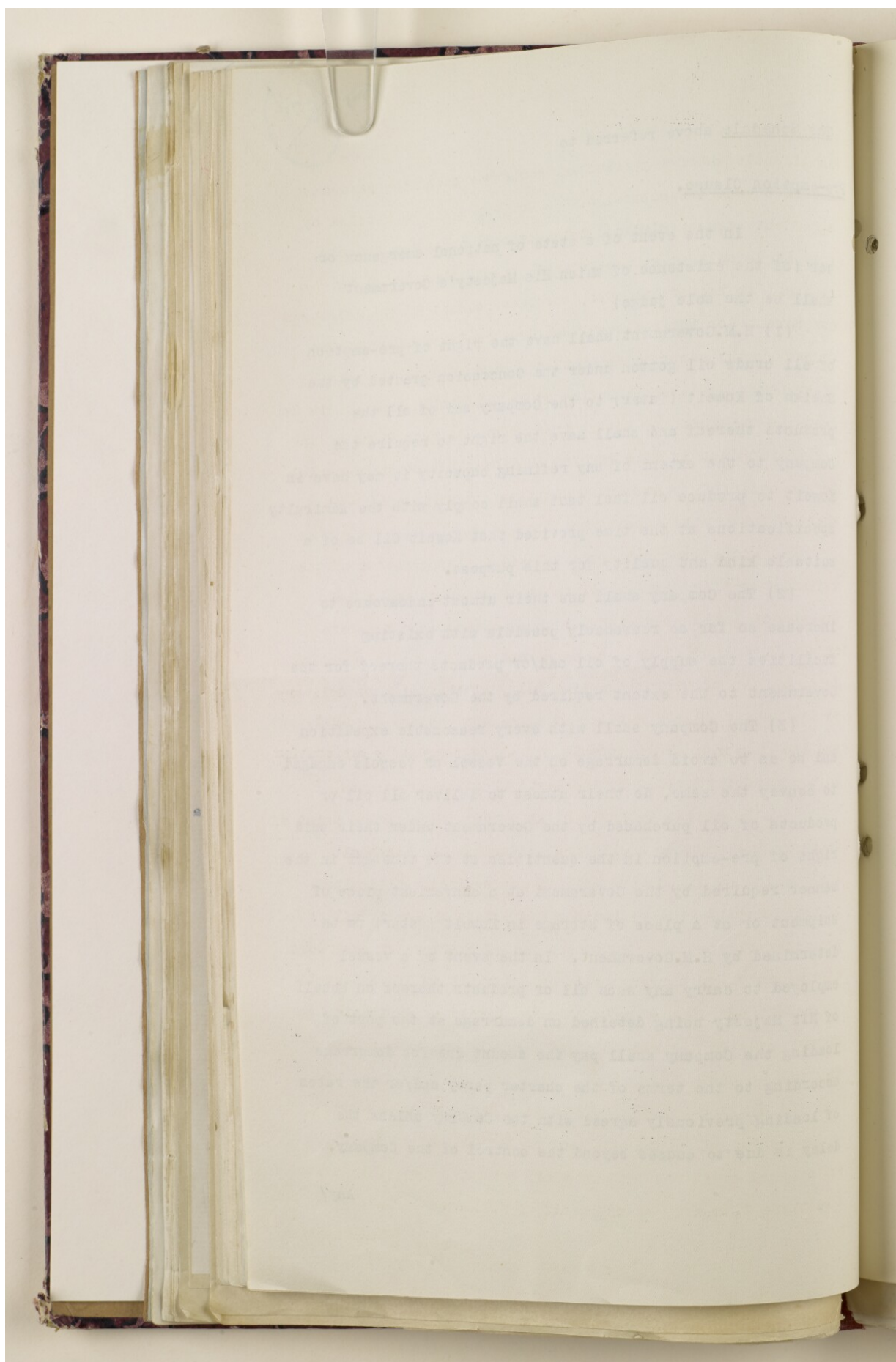
In the event of a state of national emergency or war (of the existence of which His Majesty's Government shall be the sole judge)

(1) H.M. Government shall have the right of pre-emption of all crude oil gotten under the Concession granted by the Sheikh of Koweit (Qatar) to the Company and of all the products thereof and shall have the right to require the Company to the extent of any refining capacity it may have in Koweit to produce oil fuel that shall comply with the Admiralty specifications at the time provided that Koweit Oil be of a suitable kind and quality for this purpose.

(2) The Company shall use their utmost endeavours to increase so far as reasonably possible with existing facilities the supply of oil and/or products thereof for the Government to the extent required by the Government.

(3) The Company shall with every reasonable expedition and so as to avoid demurrage on the vessel or vessels engaged to convey the same, do their utmost to deliver all oil or products of oil purchased by the Government under their said right of pre-emption in the quantities at the time and in the manner required by the Government at a convenient place of shipment or at a place of storage in Koweit (Qatar) to be determined by H.M. Government. In the event of a vessel employed to carry any such oil or products thereof on behalf of His Majesty being detained on demurrage at the port of loading the Company shall pay the amount due for demurrage according to the terms of the charter party and/or the rates of loading previously agreed with the Company unless the delay is due to causes beyond the control of the Company.

Any/





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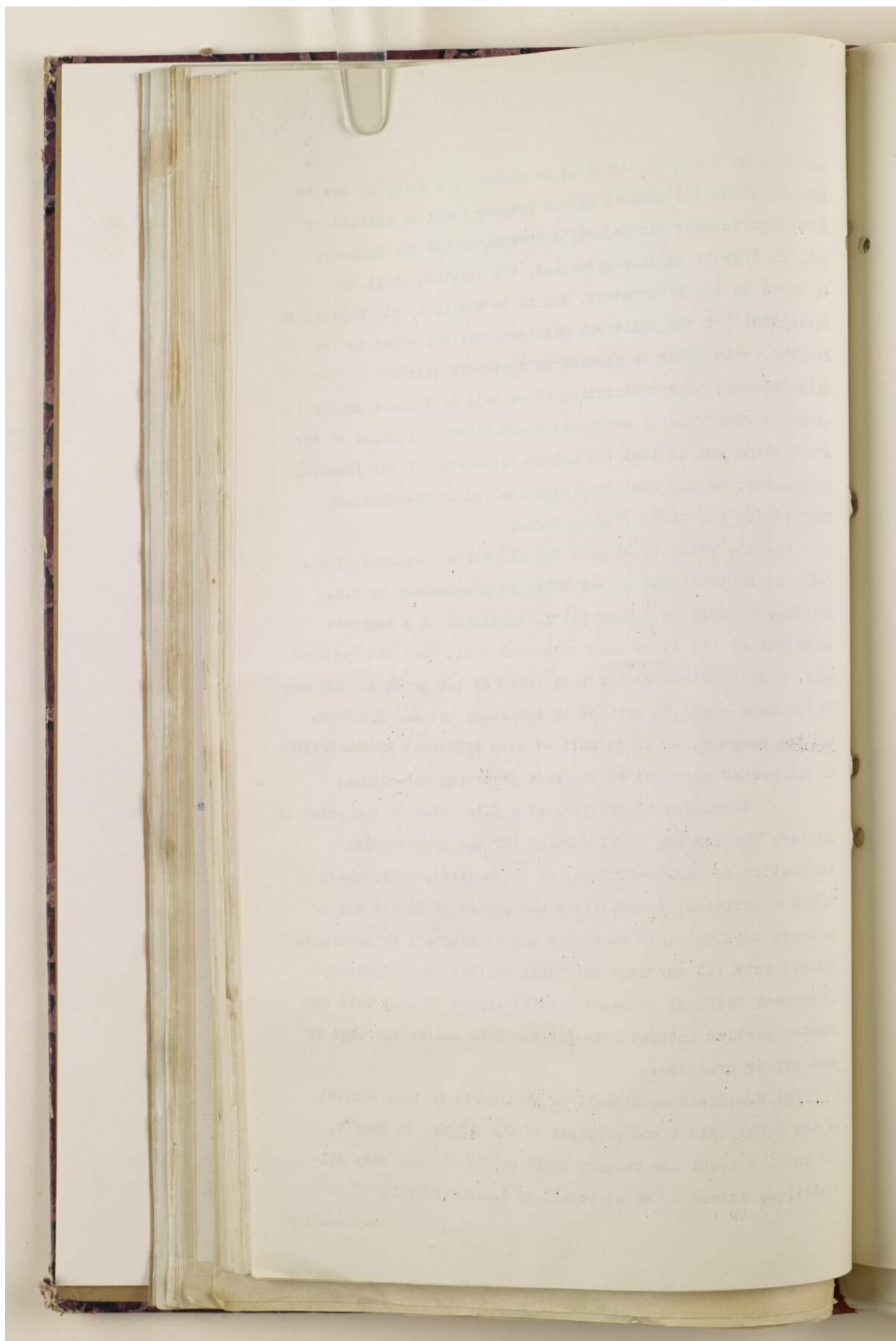
Any dispute which may arise as to whether the delay is due to causes beyond the control of the Company shall be settled by agreement between His Majesty's Government and the Company, and, in default of such agreement, the question shall be referred to two arbitrators, one to be chosen by His Majesty's Government (or the Political Resident) and the other by the Company, with power to appoint an umpire in case of disagreement, such arbitration to be held in England and to be deemed a reference to arbitration under the provisions of the Arbitration Act of 1889 (52 and 53 Vict.C.49) of the Imperial Parliament, or any statutory modification or re-enactment thereof for the time being in force.

(4) The price to be paid for all oil or products of the refining or treatment of oil taken in pre-emption by H.M. Government shall be either (a) as specified in a separate agreement or (b) if no such agreement shall have been entered into, a fair price for the time being at the point of delivery as the same shall be settled by agreement between H.M.Govt. and the Company, or in default of such agreement by arbitration in the manner provided by the last preceding sub-clause.

To assist in arriving at a fair price at the point of delivery the Company shall furnish for the confidential information of H.M.Government, if so required, particulars of the quantities, descriptions and prices of Koweit oil or products sold to other customers and of charters or contracts entered into for carriage and shall exhibit to His Majesty's Government original or authenticated copies of contracts or charter parties entered into for the sale and/or carriage of such oil or products.

(5) H.M.Government shall be at liberty to take control of the works, plant and premises of the Company in Koweit, and in such event the Company shall conform to and obey all directions issued by or on behalf of H.M.Government.

Compensation/





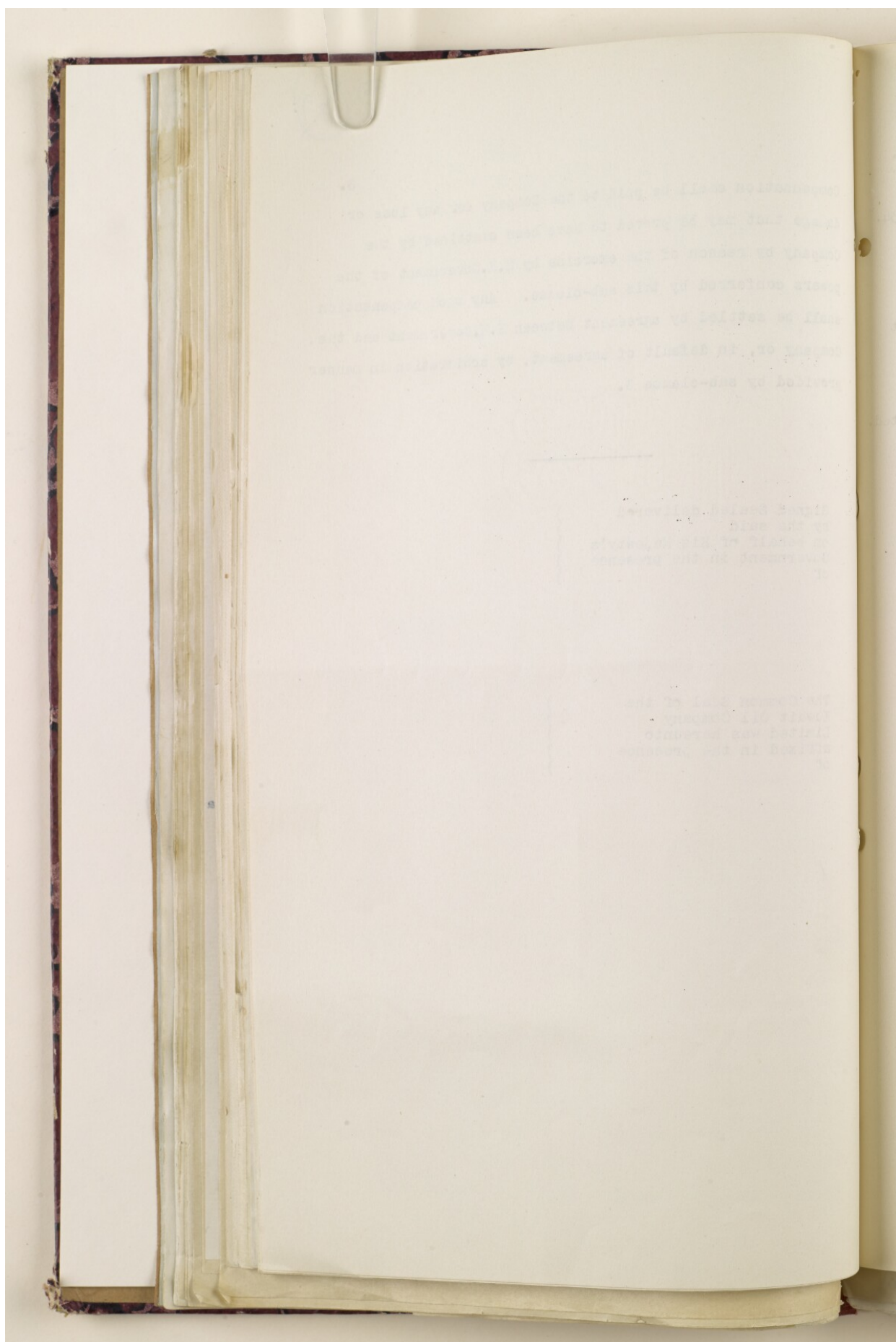
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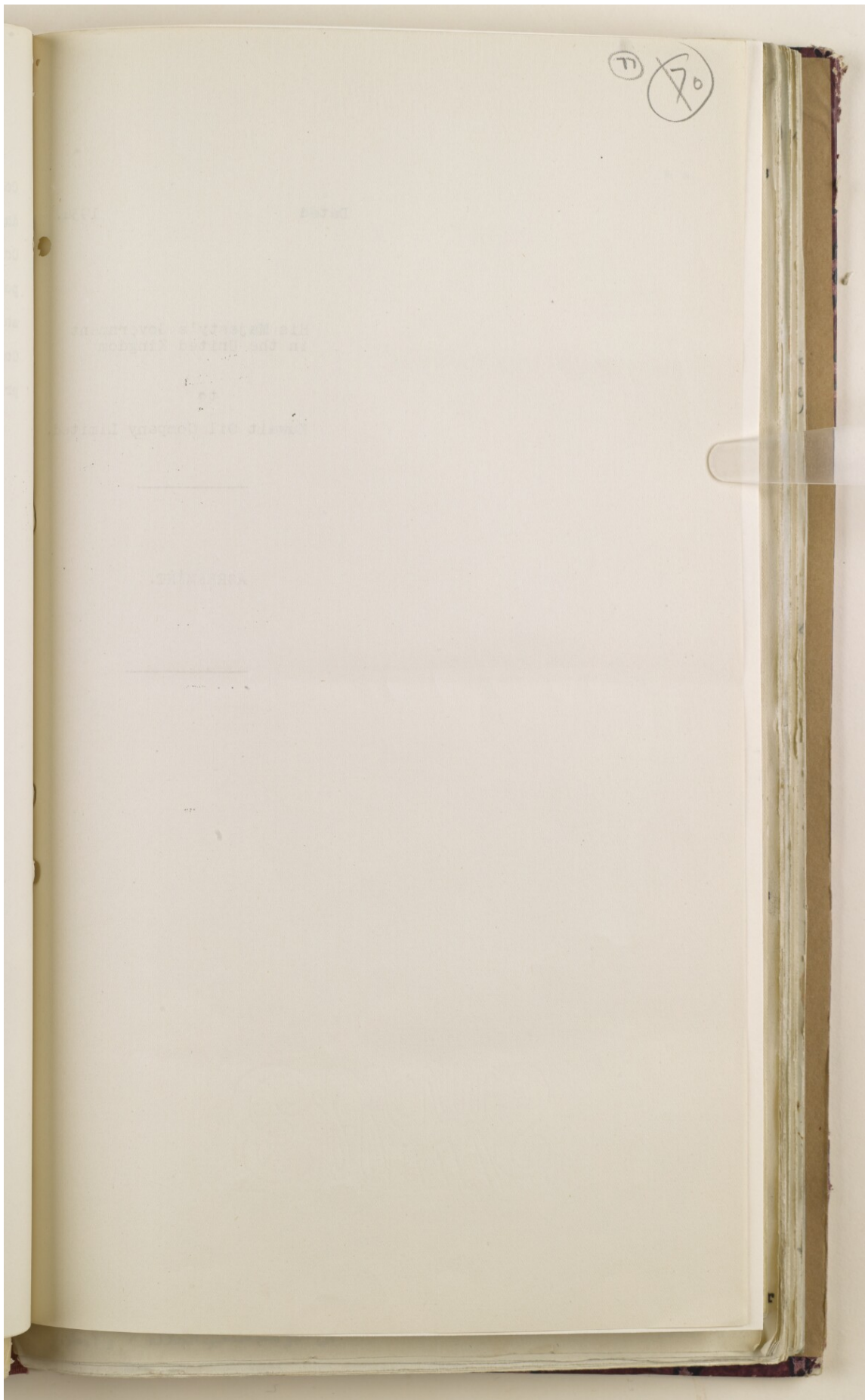
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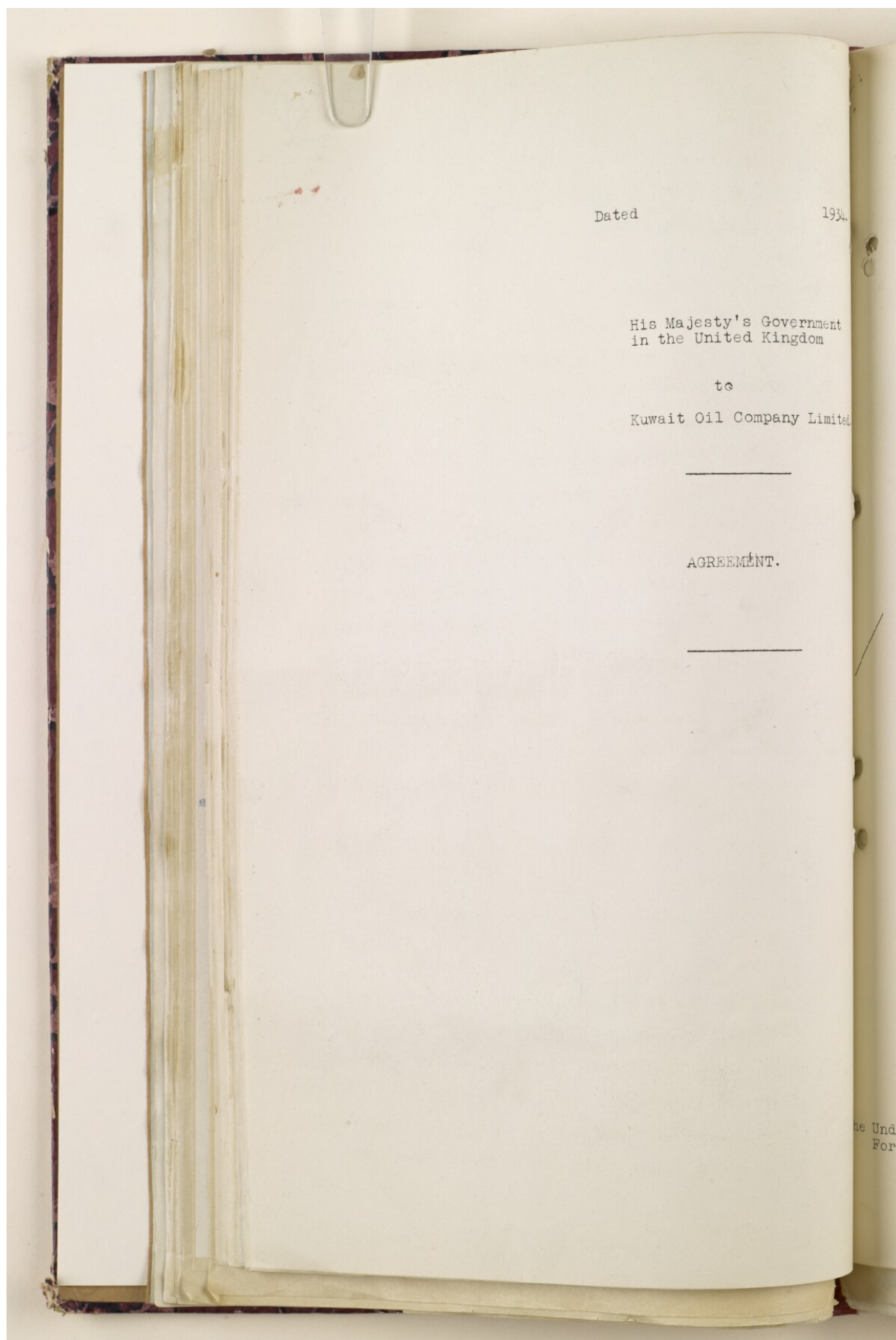
Compensation shall be paid to the Company for any loss or damage that may be proved to have been sustained by the Company by reason of the exercise by H.M. Government of the powers conferred by this sub-clause. Any such compensation shall be settled by agreement between H.M. Government and the Company or, in default of agreement, by arbitration in manner provided by sub-clause 3.

Signed Sealed delivered
by the said
on behalf of His Majesty's
Government in the presence
of

The Common Seal of the
Kuwait Oil Company
Limited was hereunto
affixed in the presence
of









P.Z.1047/34

India Office,

Whitehall, S.W.1.

23rd February 1934.

Most Urgent

Sir,

I am directed by the Secretary of State for India to refer to your letter of 19th January, No.E.318/189/91 regarding the application of the Koweit Oil Company for the grant of a concession from the Sheikh of Koweit.

2. As a result of negotiations with the Company, in which representatives of your Department have been associated, provisional agreement has been reached on the terms of the undertakings which the Company are prepared to give to His Majesty's Government in the event of their obtaining the concession. These terms are embodied in the draft agreement between His Majesty's Government and the Company of which copy is enclosed herewith. The representatives of the Company have also agreed to include in the draft of their proposed agreement with the Sheikh (copy of which has been communicated to your Department) additional clauses to the following effect:-

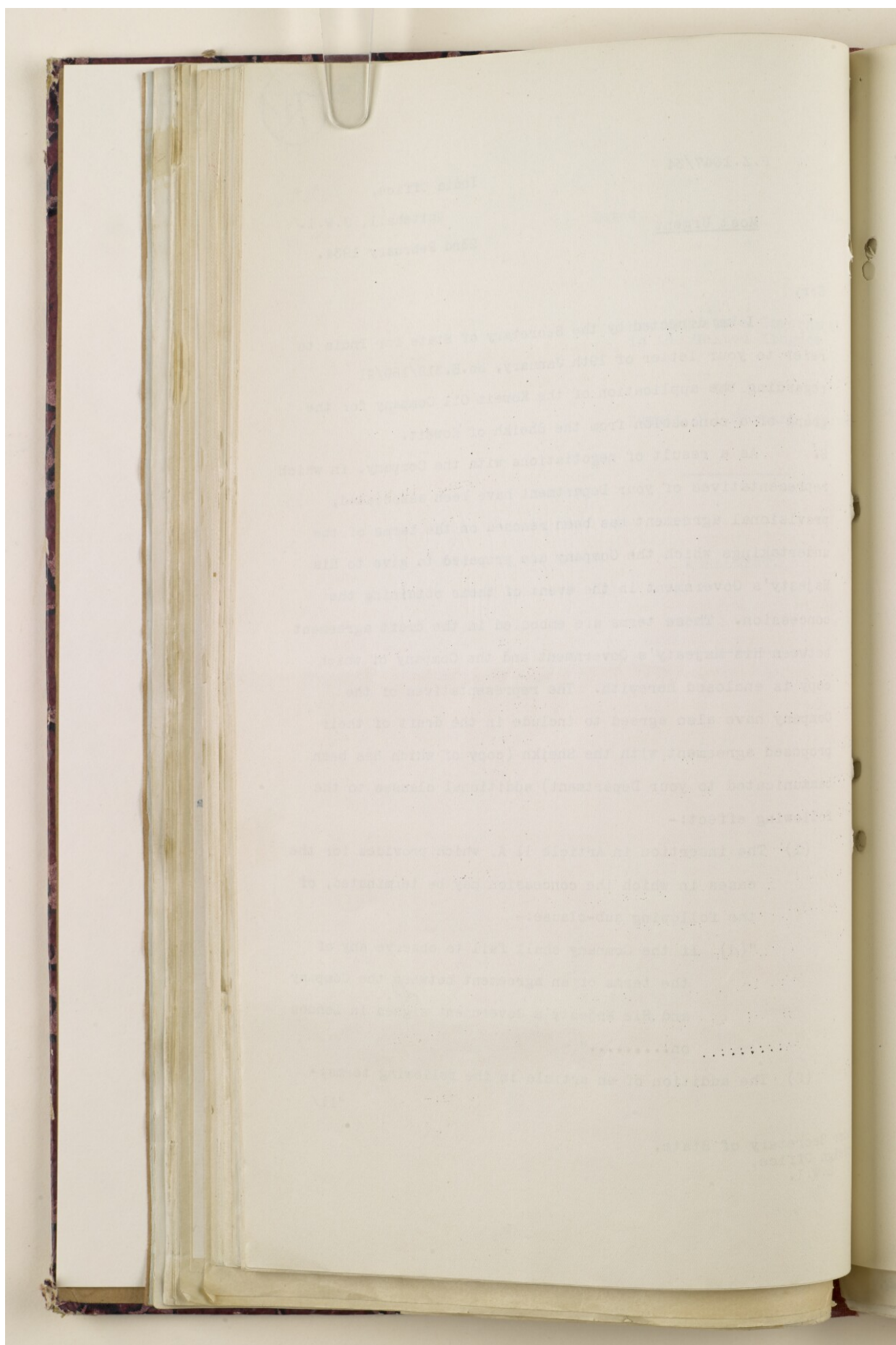
- (1) The insertion in Article 11 A, which provides for the cases in which the concession may be terminated, of the following sub-clause:-

"(d) If the Company shall fail to observe any of the terms of an agreement between the Company and His Majesty's Government signed in London on....."

- (2) The addition of an article in the following terms:-

"It/

Under Secretary of State,
Foreign Office,
S.W.1.





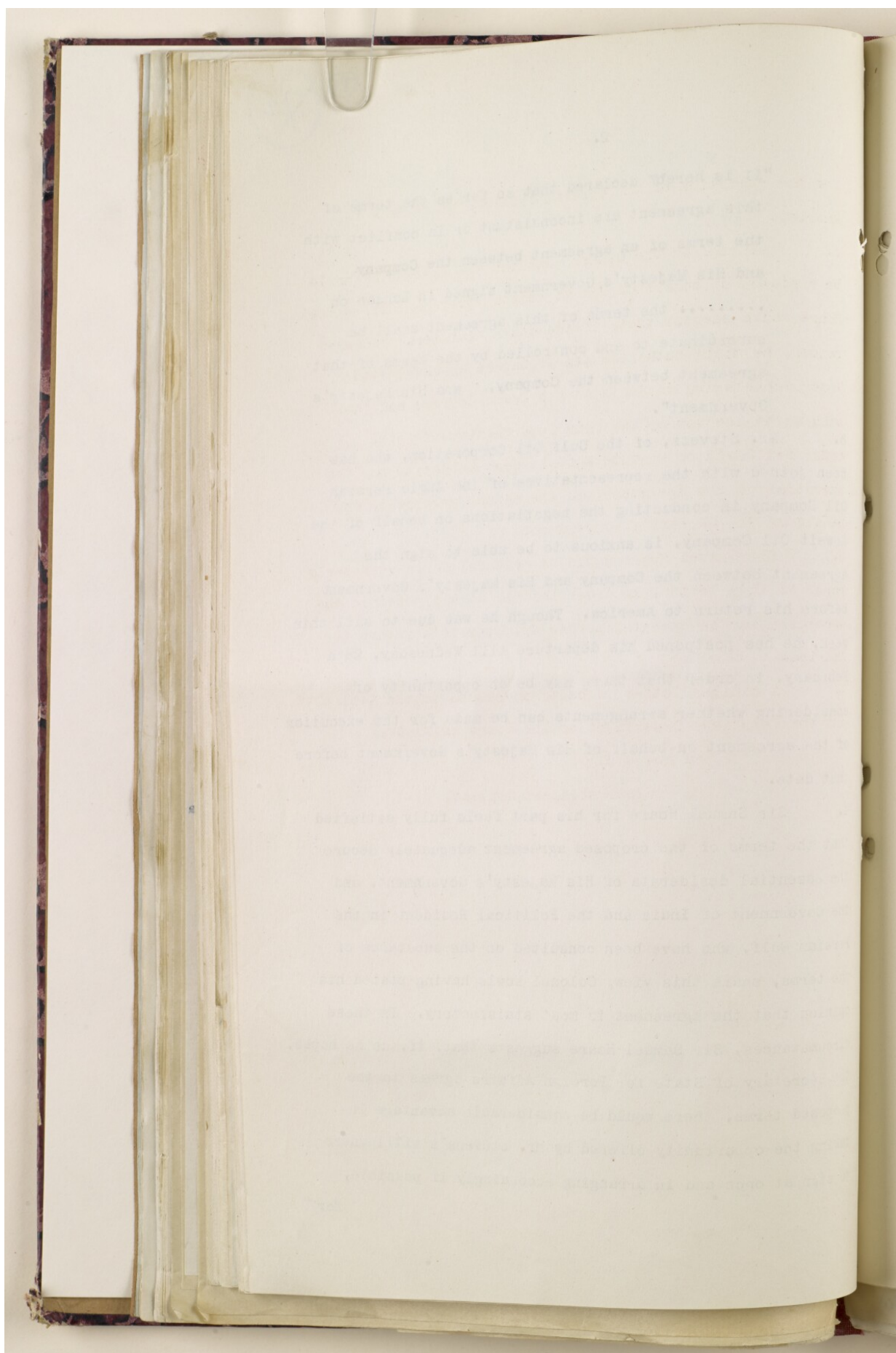
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"It is hereby declared that so far as the terms of this agreement are inconsistent or in conflict with the terms of an agreement between the Company and His Majesty's Government signed in London on the terms of this agreement shall be subordinate to and controlled by the terms of that agreement between the Company, and His Majesty's Government".

3. Mr. Stevens, of the Gulf Oil Corporation, who has been joined with the representatives of the Anglo Persian Oil Company in conducting the negotiations on behalf of the Koweit Oil Company, is anxious to be able to sign the agreement between the Company and His Majesty's Government before his return to America. Though he was due to sail this week, he has postponed his departure till Wednesday, 28th February, in order that there may be an opportunity of considering whether arrangements can be made for the execution of the agreement on behalf of His Majesty's Government before that date.

4. Sir Samuel Hoare for his part feels fully satisfied that the terms of the proposed agreement adequately secure the essential desiderata of His Majesty's Government, and the Government of India and the Political Resident in the Persian Gulf, who have been consulted on the substance of the terms, share this view, Colonel Fowle having stated his opinion that the agreement is most satisfactory. In these circumstances, Sir Samuel Hoare suggests that, if, as he hopes, the Secretary of State for Foreign Affairs agrees to the proposed terms, there would be considerable advantage in taking the opportunity offered by Mr. Stevens's willingness to sign at once and in arranging accordingly if possible,

for/





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for the execution of the agreement before he returns to America.

5. As regards the manner in which the agreement should be executed on behalf of His Majesty's Government Sir Samuel Hoare would suggest that, if the other Ministers concerned concur, he might authorise its signature by one of the Under Secretaries of State at the India Office, and that such authorisation by the four Departments primarily concerned would constitute a sufficient authority for the execution of the agreement, in the manner suggested, on behalf of His Majesty's Government.

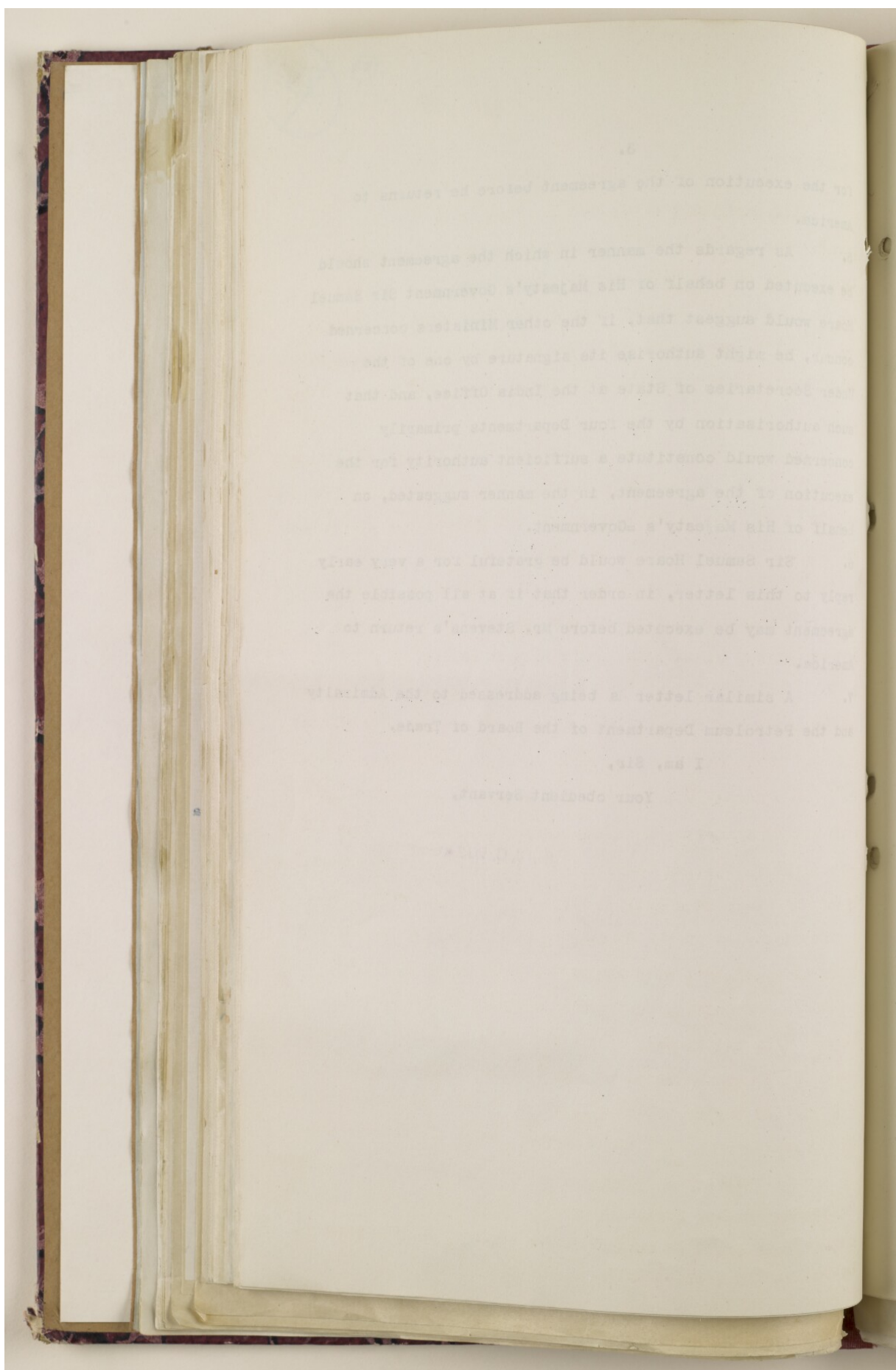
6. Sir Samuel Hoare would be grateful for a very early reply to this letter, in order that if at all possible the agreement may be executed before Mr. Stevens's return to America.

7. A similar letter is being addressed to the Admiralty and the Petroleum Department of the Board of Trade.

I am, Sir,

Your obedient Servant,

(Sd.) J. O. WALTON





(23.2.34)

P.Z.1047/34.

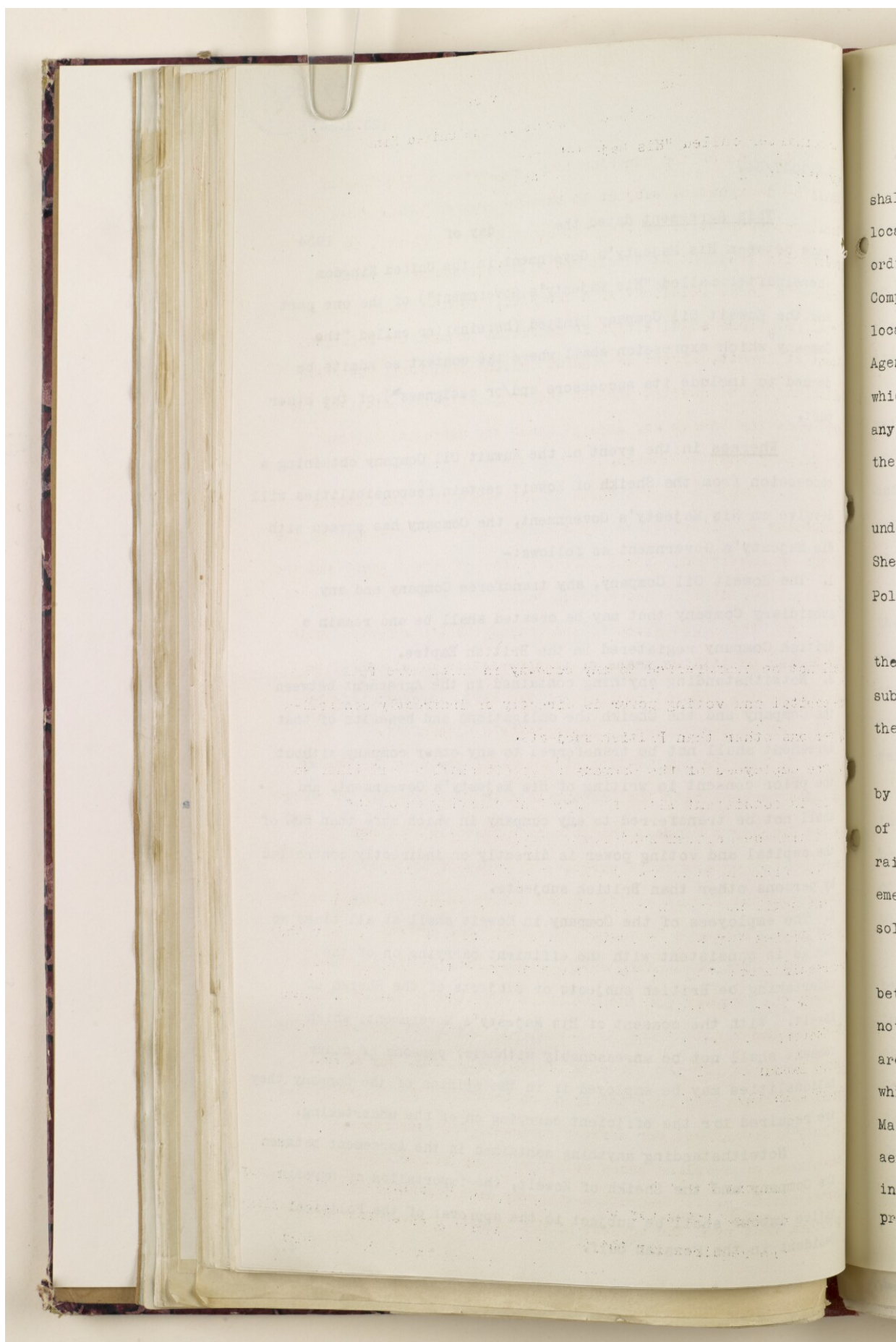
This Agreement dated the day of 1934
made between His Majesty's Government in the United Kingdom
(hereinafter called "His Majesty's Government") of the one part
and the Kuwait Oil Company Limited (hereinafter called "the
Company" which expression shall where the context so admits be
deemed to include its successors and/or assignees) of the other
part.

Whereas in the event of the Kuwait Oil Company obtaining a
concession from the Sheikh of Koweit certain responsibilities will
devolve on His Majesty's Government, the Company has agreed with
His Majesty's Government as follows:-

1. The Koweit Oil Company, any transferee Company and any
subsidiary Company that may be created shall be and remain a
British Company registered in the British Empire.
2. Notwithstanding anything contained in the Agreement between
the Company and the Sheikh the obligations and benefits of that
agreement shall not be transferred to any other company without
the prior consent in writing of His Majesty's Government, and
shall not be transferred to any company in which more than 50% of
the capital and voting power is directly or indirectly controlled
by persons other than British subjects.
3. The employees of the Company in Koweit shall at all times so
far as is consistent with the efficient carrying on of the
undertaking be British subjects or subjects of the Sheikh of
Koweit. With the consent of His Majesty's Government, which
consent shall not be unreasonably withheld, persons of other
nationalities may be employed if in the opinion of the Company they
are required for the efficient carrying on of the undertaking.

Notwithstanding anything contained in the Agreement between
the Company and the Sheikh of Koweit, the importation of foreign
native labour shall be subject to the approval of the Political
Resident in the Persian Gulf.

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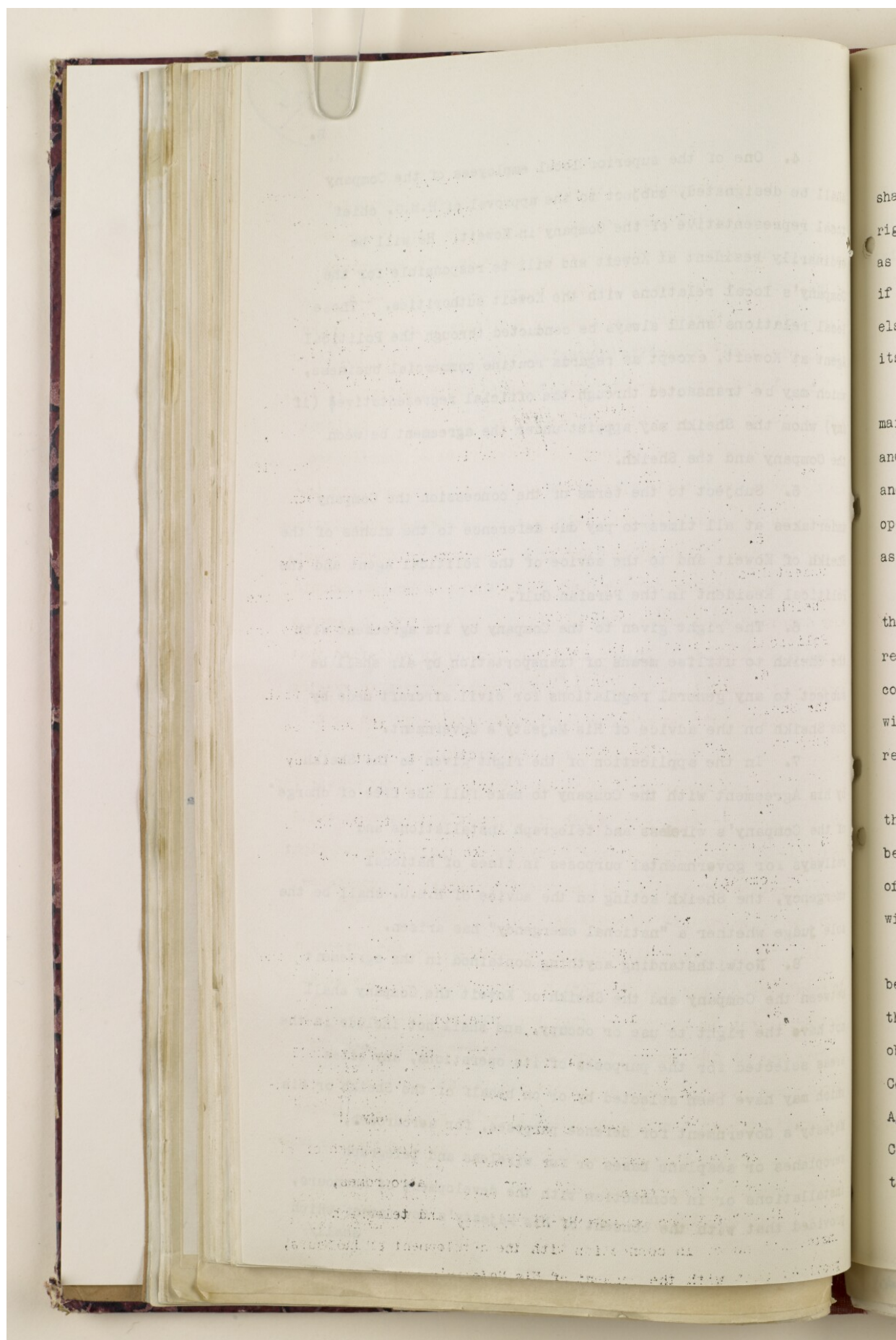
4. One of the superior local employees of the Company shall be designated, subject to the approval of H.M.G. chief local representative of the Company in Koweit. He will be ordinarily resident at Koweit and will be responsible for the Company's local relations with the Koweit authorities. These local relations shall always be conducted through the Political Agent at Koweit, except as regards routine commercial business, which may be transacted through the official representative (if any) whom the Sheikh may appoint under the agreement between the Company and the Sheikh.

5. Subject to the terms of the concession the Company undertakes at all times to pay due deference to the wishes of the Sheikh of Koweit and to the advice of the Political Agent and the Political Resident in the Persian Gulf.

6. The right given to the Company by its agreement with the Sheikh to utilise means of transportation by air shall be subject to any general regulations for civil aircraft made by the Sheikh on the advice of His Majesty's Government.

7. In the application of the right given to the Sheikh by his Agreement with the Company to make full use free of charge of the Company's wireless and telegraph installations and railways for governmental purposes in times of national emergency, the Sheikh acting on the advice of H.M.G. shall be the sole judge whether a "national emergency" has arisen.

8. Notwithstanding anything contained in the agreement between the Company and the Sheikh of Koweit the Company shall not have the right to use or occupy, and shall not include in the areas selected for the purposes of its operations, any sites which may have been selected by or on behalf of the Sheikh or His Majesty's Government for defence purposes, for aerodromes, aeroplanes or seaplane bases or for wireless and telegraph installations or in connection with the development of harbours, provided that with the consent of His Majesty's Government which shall/



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shall not be unreasonably withheld the Company shall have the right to use for the purposes of its operations such harbours as may be developed by the Sheikh or His Majesty's Government if there is not reasonable harbour accommodation available elsewhere. Harbours developed by the Company shall be under its complete and exclusive control.

9. Telegraph, wireless and telephone installations, if any, maintained by the Company shall be for use only in its business and as provided in the concession, and shall be so constructed and operated that their operations shall not interfere with the operations of such wireless, telegraph or telephone installations as may be established by the Sheikh or His Majesty's Government.

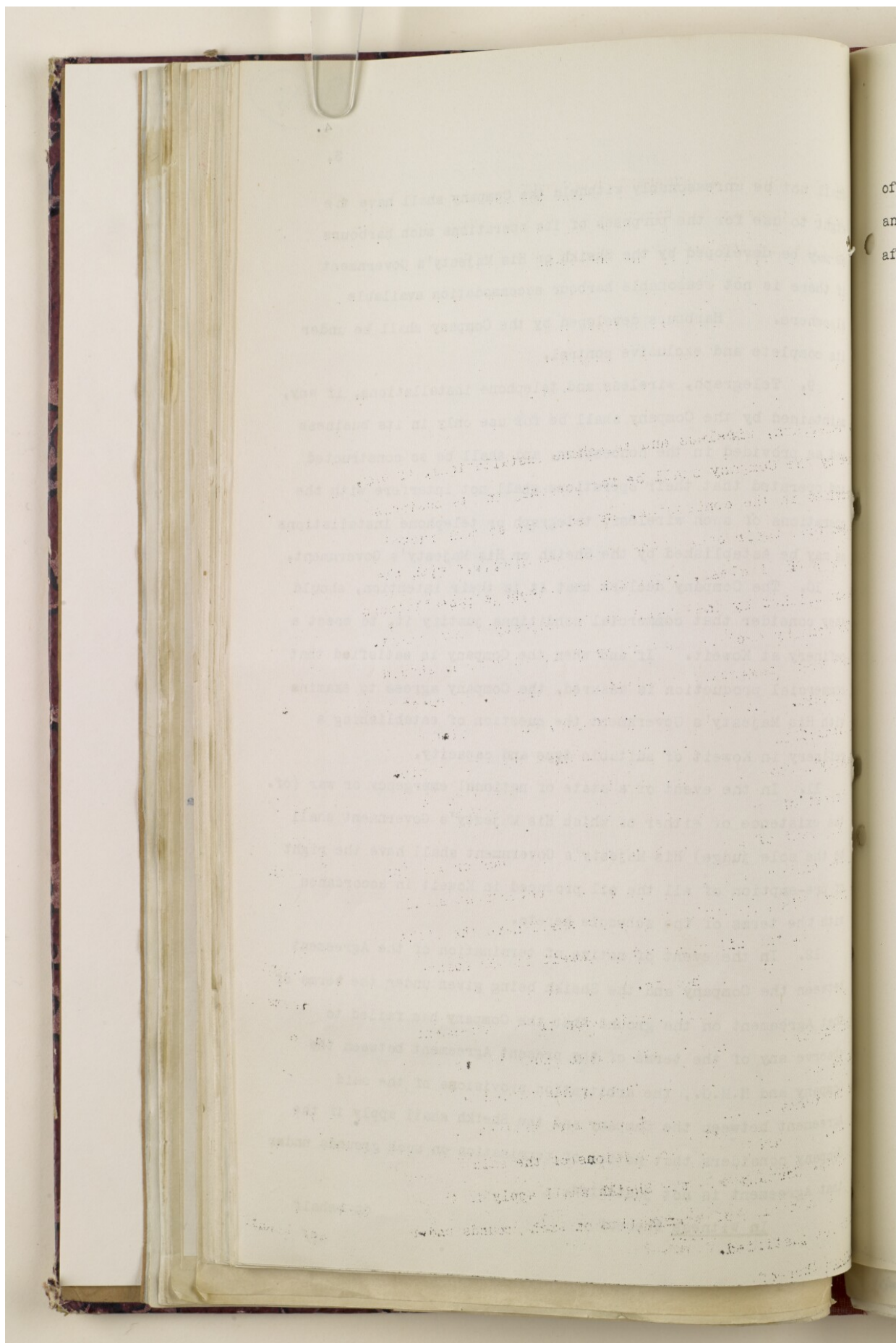
10. The Company declare that it is their intention, should they consider that commercial conditions justify it, to erect a refinery at Koweit. If and when the Company is satisfied that commercial production is assured, the Company agrees to examine with His Majesty's Government the question of establishing a refinery in Koweit of suitable type and capacity.

11. In the event of a state of national emergency or war (of the existence of either of which His Majesty's Government shall be the sole judge) His Majesty's Government shall have the right of pre-emption of all the oil produced in Koweit in accordance with the terms of the schedule hereto.

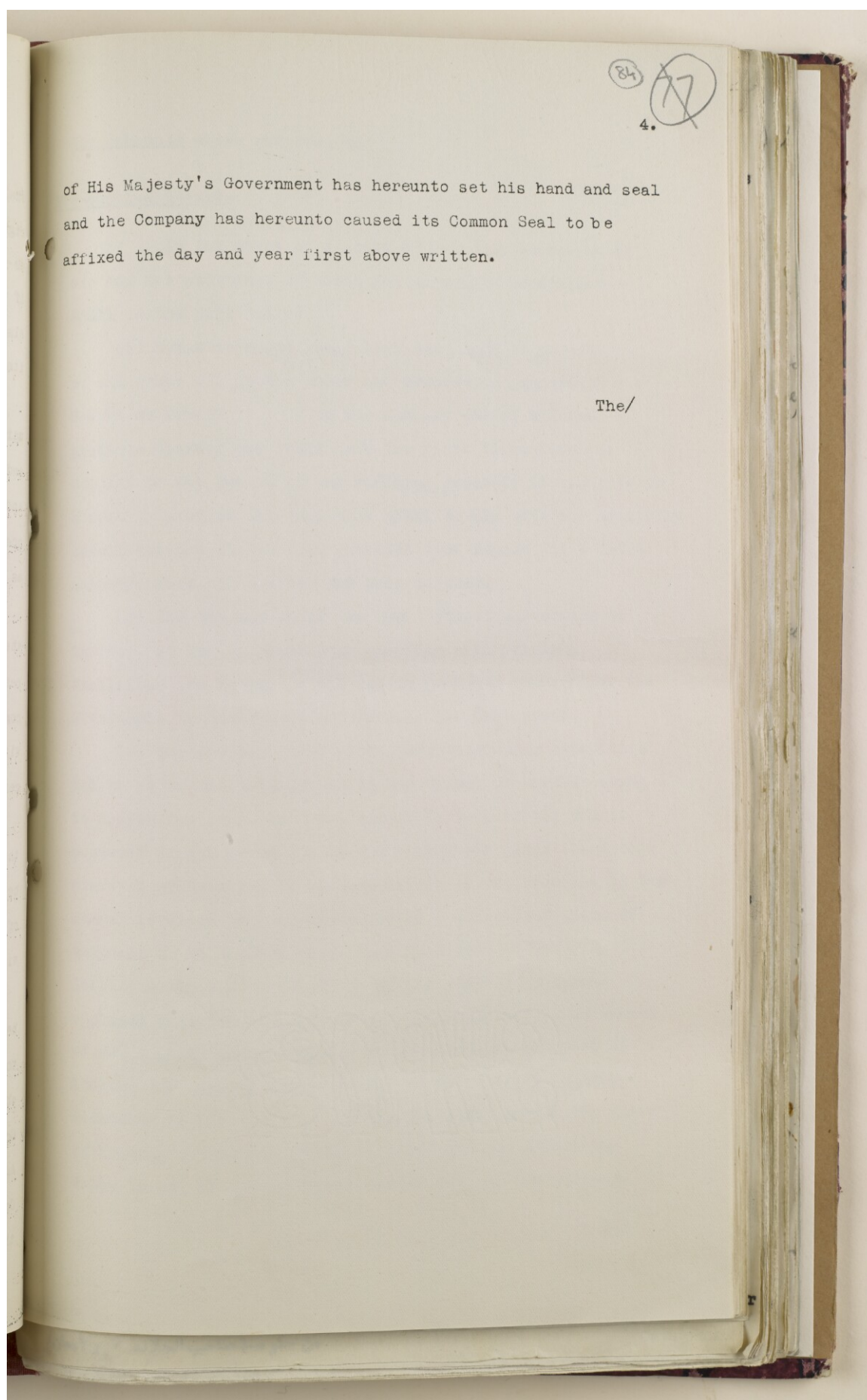
12. In the event of notice of termination of the Agreement between the Company and the Sheikh being given under the terms of that Agreement on the ground that the Company has failed to observe any of the terms of the present Agreement between the Company and H.M.G., the arbitration provisions of the said Agreement between the Company and the Sheikh shall apply if the Company considers that notice of termination on such grounds under that Agreement is not justified.

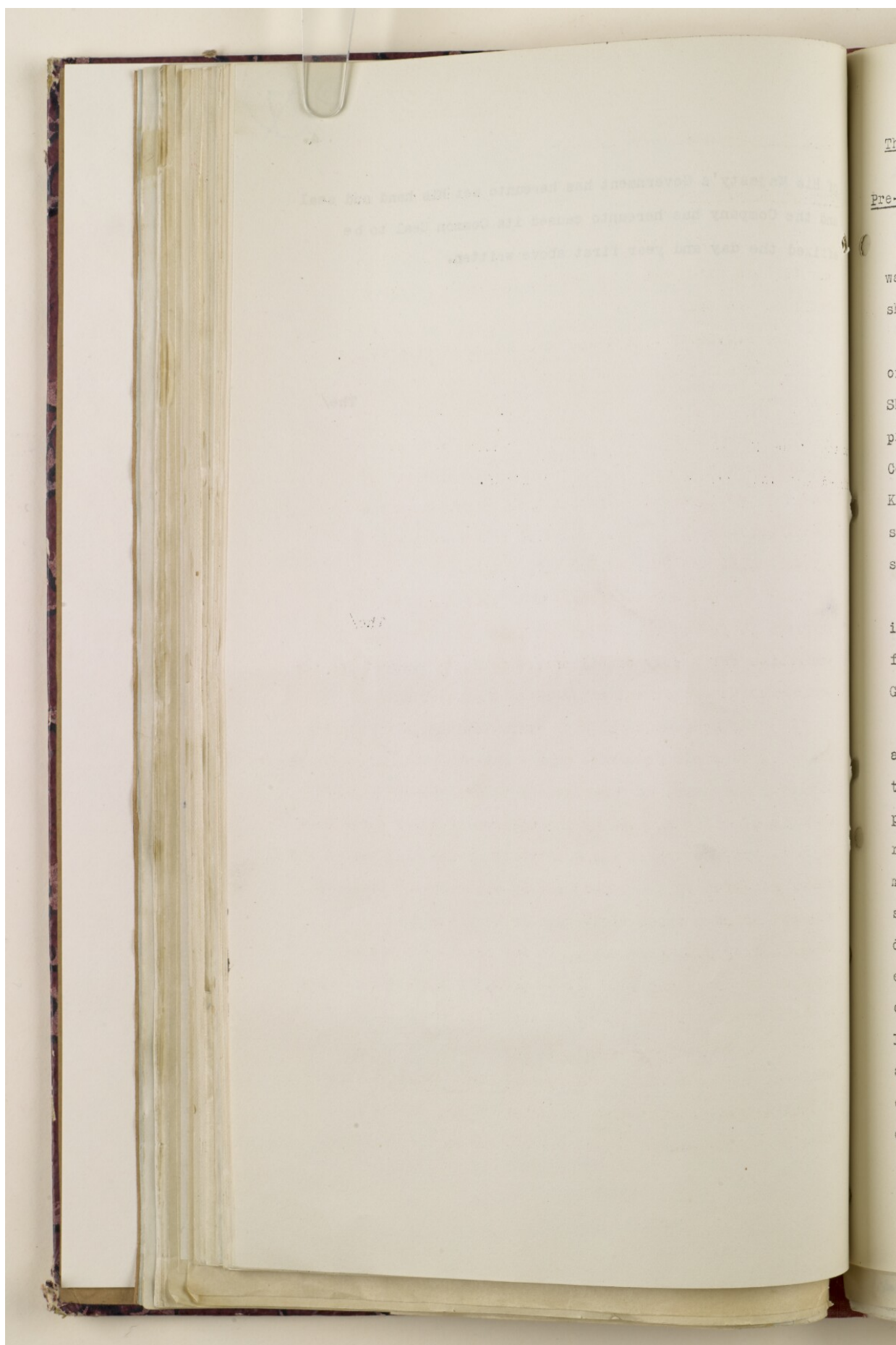
In Witness Whereof

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(85) 78
The Schedule above referred to

Pre-emption Clause.

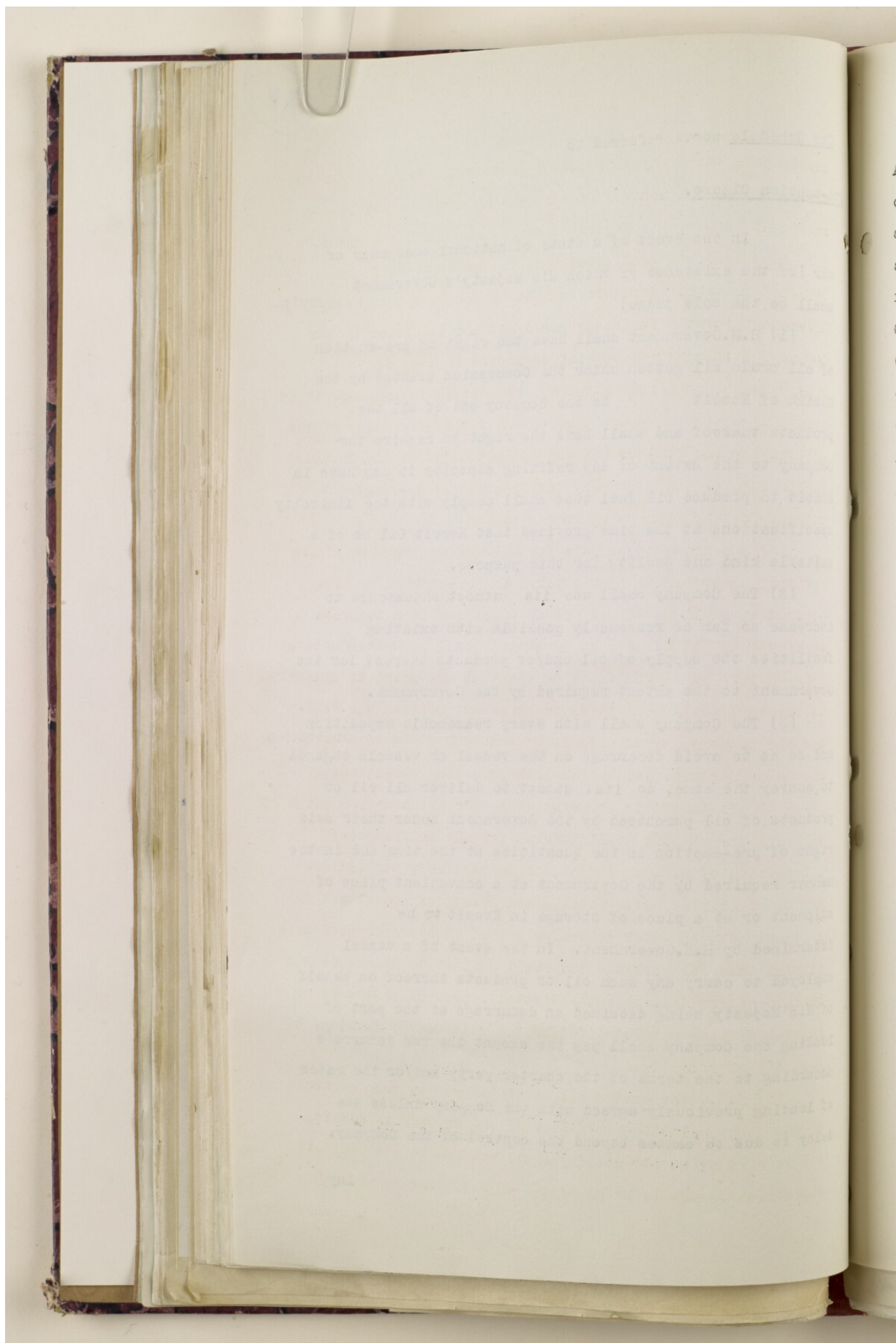
In the event of a state of national emergency or war (of the existence of which His Majesty's Government shall be the sole judge)

(1) H.M. Government shall have the right of pre-emption of all crude oil gotten under the Concession granted by the Sheikh of Koweit to the Company and of all the products thereof and shall have the right to require the Company to the extent of any refining capacity it may have in Koweit to produce oil fuel that shall comply with the Admiralty specifications at the time provided that Koweit Oil be of a suitable kind and quality for this purpose.

(2) The Company shall use its utmost endeavours to increase so far as reasonably possible with existing facilities the supply of oil and/or products thereof for the Government to the extent required by the Government.

(3) The Company shall with every reasonable expedition and so as to avoid demurrage on the vessel or vessels engaged to convey the same, do its utmost to deliver all oil or products of oil purchased by the Government under their said right of pre-emption in the quantities at the time and in the manner required by the Government at a convenient place of shipment or at a place of storage in Koweit to be determined by H.M. Government. In the event of a vessel employed to carry any such oil or products thereof on behalf of His Majesty being detained on demurrage at the port of loading the Company shall pay the amount due for demurrage according to the terms of the charter party and/or the rates of loading previously agreed with the Company unless the delay is due to causes beyond the control of the Company.

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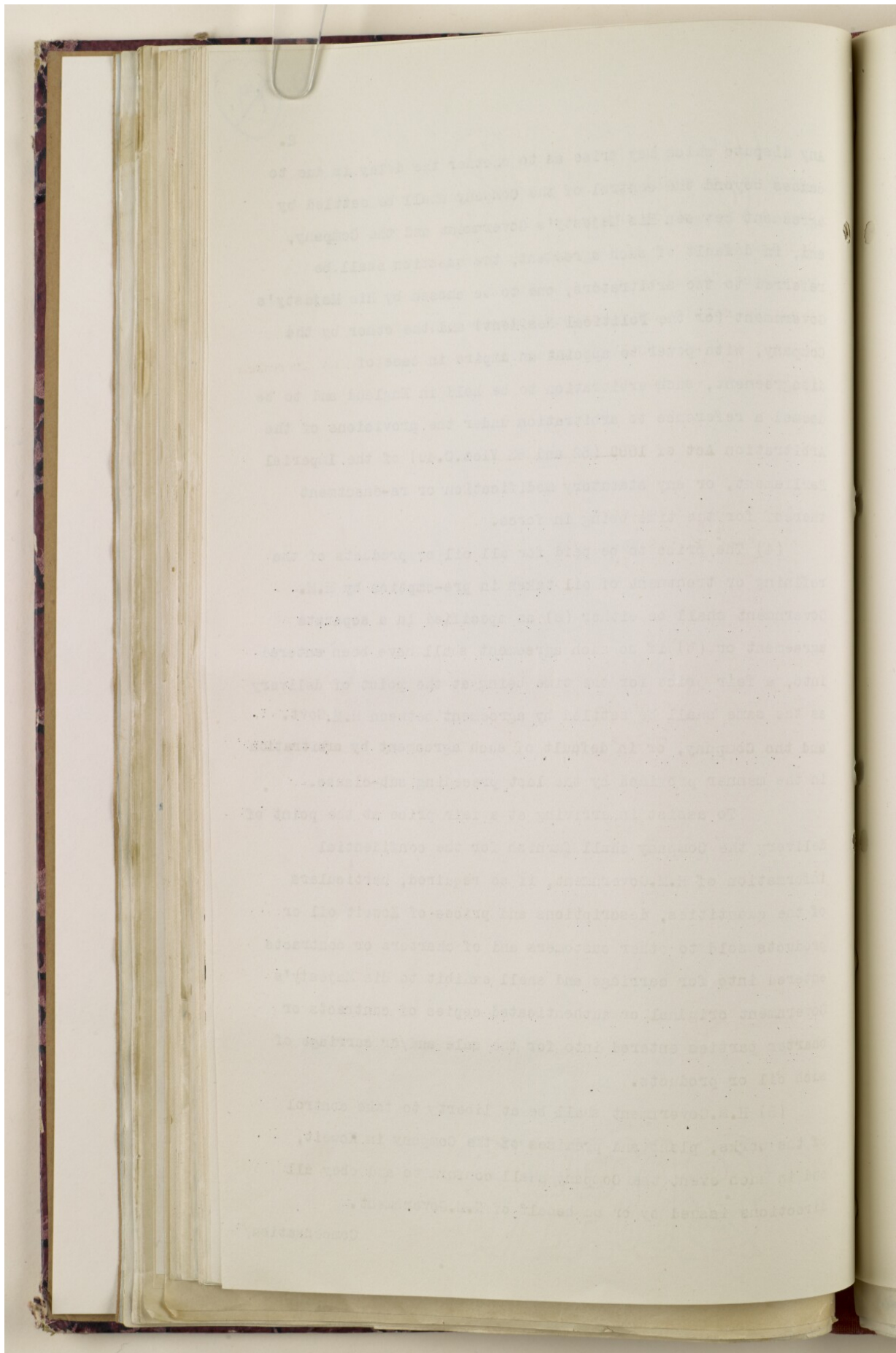
Any dispute which may arise as to whether the delay is due to causes beyond the control of the Company shall be settled by agreement between His Majesty's Government and the Company, and, in default of such agreement, the question shall be referred to two arbitrators, one to be chosen by His Majesty's Government (or the Political Resident) and the other by the Company, with power to appoint an umpire in case of disagreement, such arbitration to be held in England and to be deemed a reference to arbitration under the provisions of the Arbitration Act of 1889 (52 and 53 Vict.C.49) of the Imperial Parliament, or any statutory modification or re-enactment thereof for the time being in force.

(4) The price to be paid for all oil or products of the refining or treatment of oil taken in pre-emption by H.M. Government shall be either (a) as specified in a separate agreement or (b) if no such agreement shall have been entered into, a fair price for the time being at the point of delivery as the same shall be settled by agreement between H.M.Govt. and the Company, or in default of such agreement by arbitration in the manner provided by the last preceding sub-clause.

To assist in arriving at a fair price at the point of delivery the Company shall furnish for the confidential information of H.M.Government, if so required, particulars of the quantities, descriptions and prices of Koweit oil or products sold to other customers and of charters or contracts entered into for carriage and shall exhibit to His Majesty's Government original or authenticated copies of contracts or charter parties entered into for the sale and/or carriage of such oil or products.

(5) H.M.Government shall be at liberty to take control of the works, plant and premises of the Company in Koweit, and in such event the Company shall conform to and obey all directions issued by or on behalf of H.M.Government.

Compensation/





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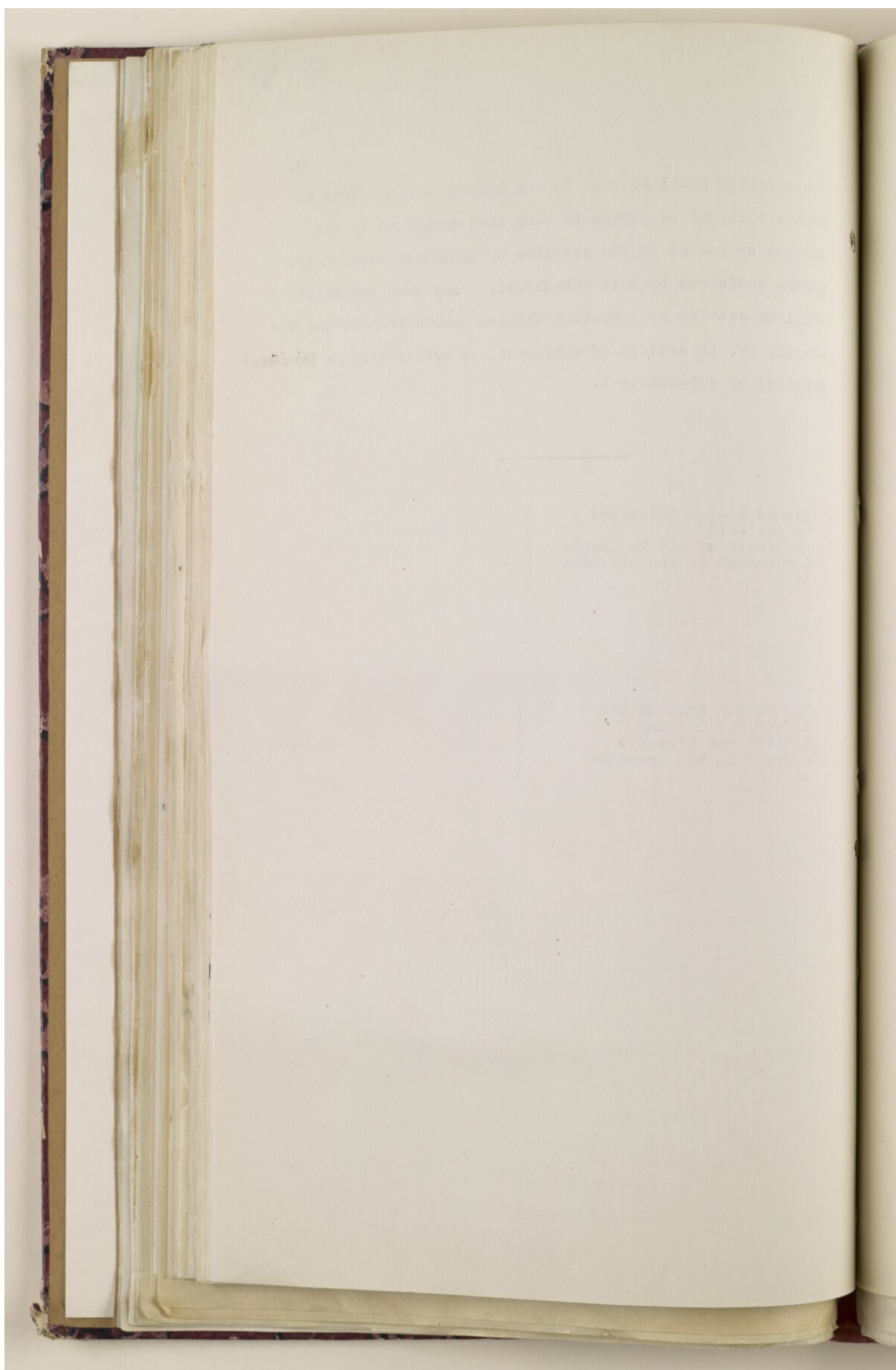
Compensation shall be paid to the Company for any loss or damage that may be proved to have been sustained by the Company by reason of the exercise by H.M. Government of the powers conferred by this sub-clause. Any such compensation shall be settled by agreement between H.M. Government and the Company or, in default of agreement, by arbitration in the manner provided by sub-clause 3.

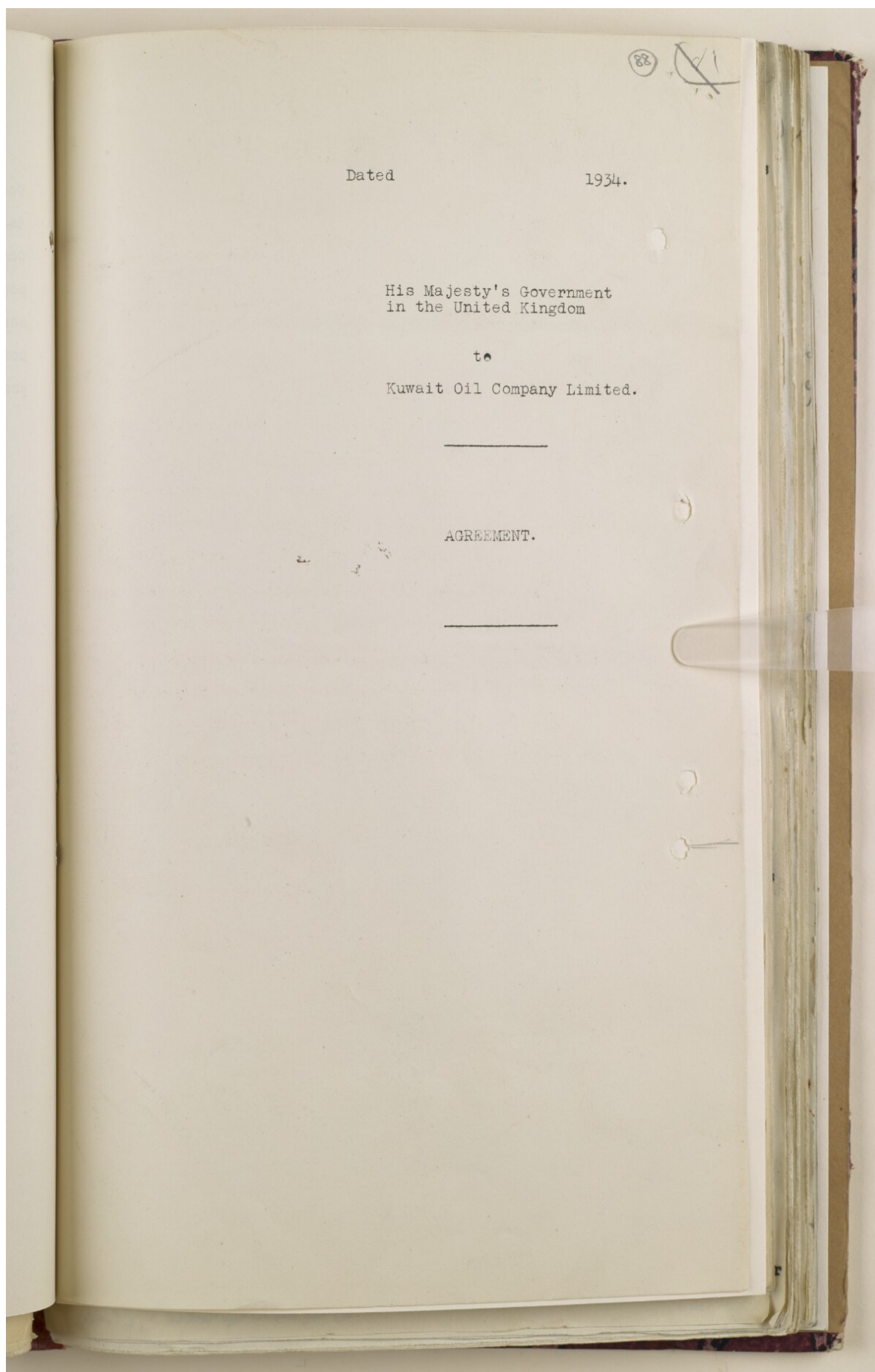
Signed Sealed delivered
by the said
on behalf of His Majesty's
Government in the presence
of

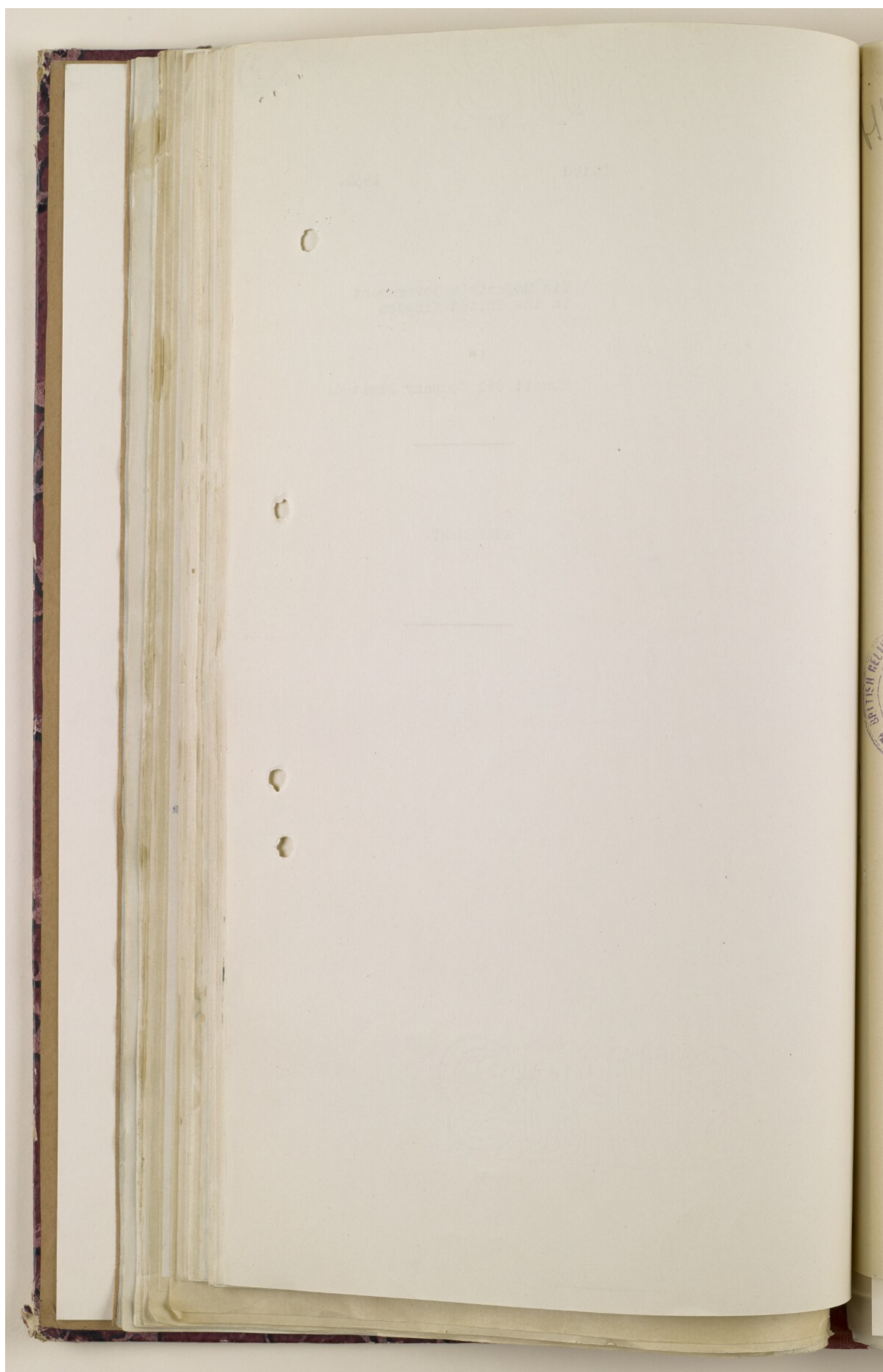
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The Common Seal of the
Kuwait Oil Company
Limited was hereunto
affixed in the presence
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CONFIDENTIAL.

No.C/89 of 1934.

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m.2.24.

(89) (82)

The Hon'ble the Political Resident in the Persian Gulf presents his compliments to

The Political Agent,
Kuwait.

and has the honour to transmit to him a copy of the undermentioned document (s). for information.

Office of the Political Resident
in the Persian Gulf,
Camp, Bahrain.

~~British Consulate General,~~
~~BUSHIRE.~~

23rd March 1934.

Dated.....

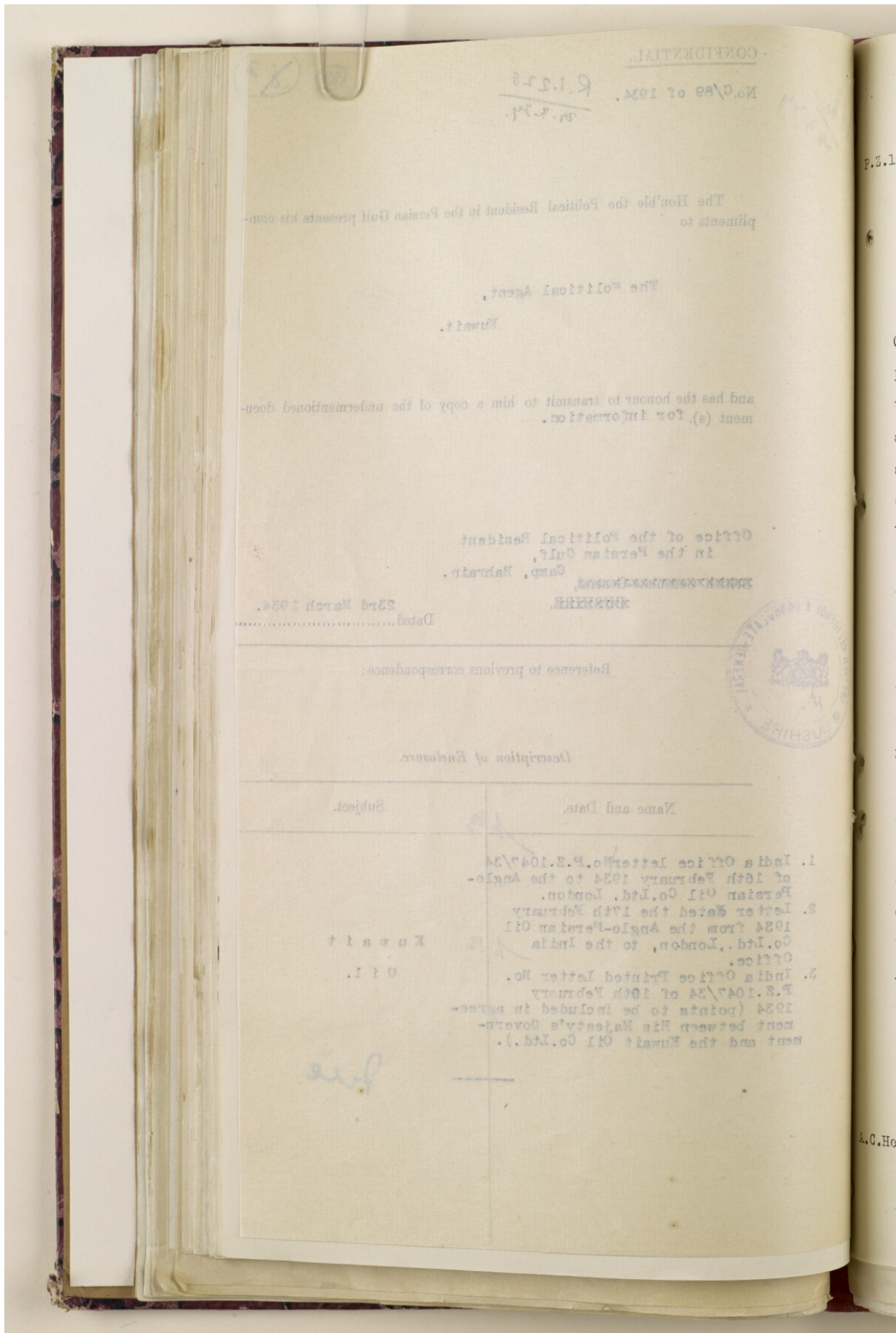


Reference to previous correspondence:

Description of Enclosure.

Name and Date.	Subject.
1. India Office letter No. P.Z.1047/34 of 16th February 1934 to the Anglo-Persian Oil Co.Ltd. London.	
2. Letter dated the 17th February 1934 from the Anglo-Persian Oil Co.Ltd., London, to the India Office.	K u w a i t
3. India Office Printed Letter No. P.Z.1047/34 of 19th February 1934 (points to be included in agreement between His Majesty's Government and the Kuwait Oil Co.Ltd.).	O i l.

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P.Z.1047/34

India Office,

Whitehall, S.W.1.

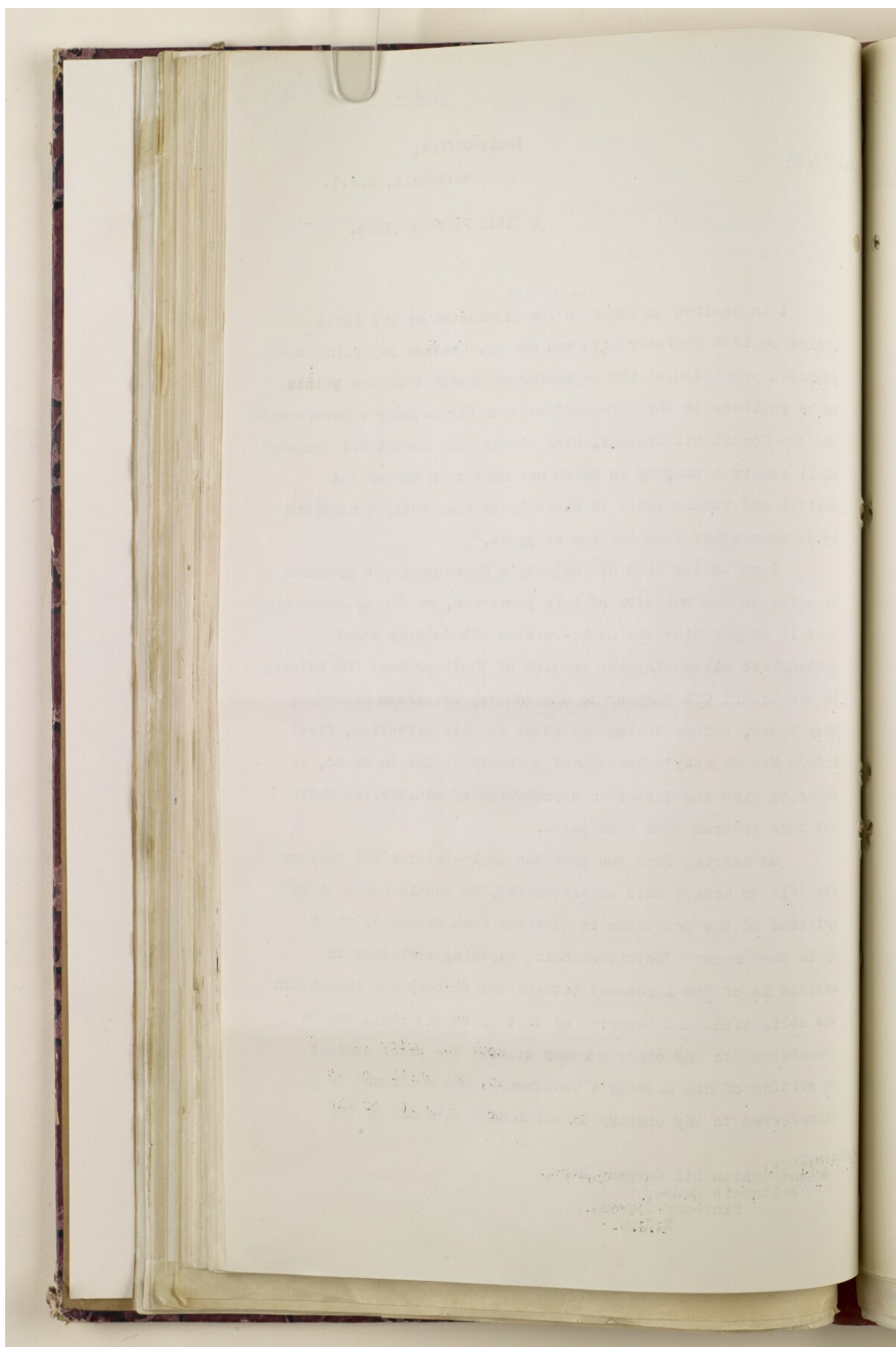
16th February, 1934.

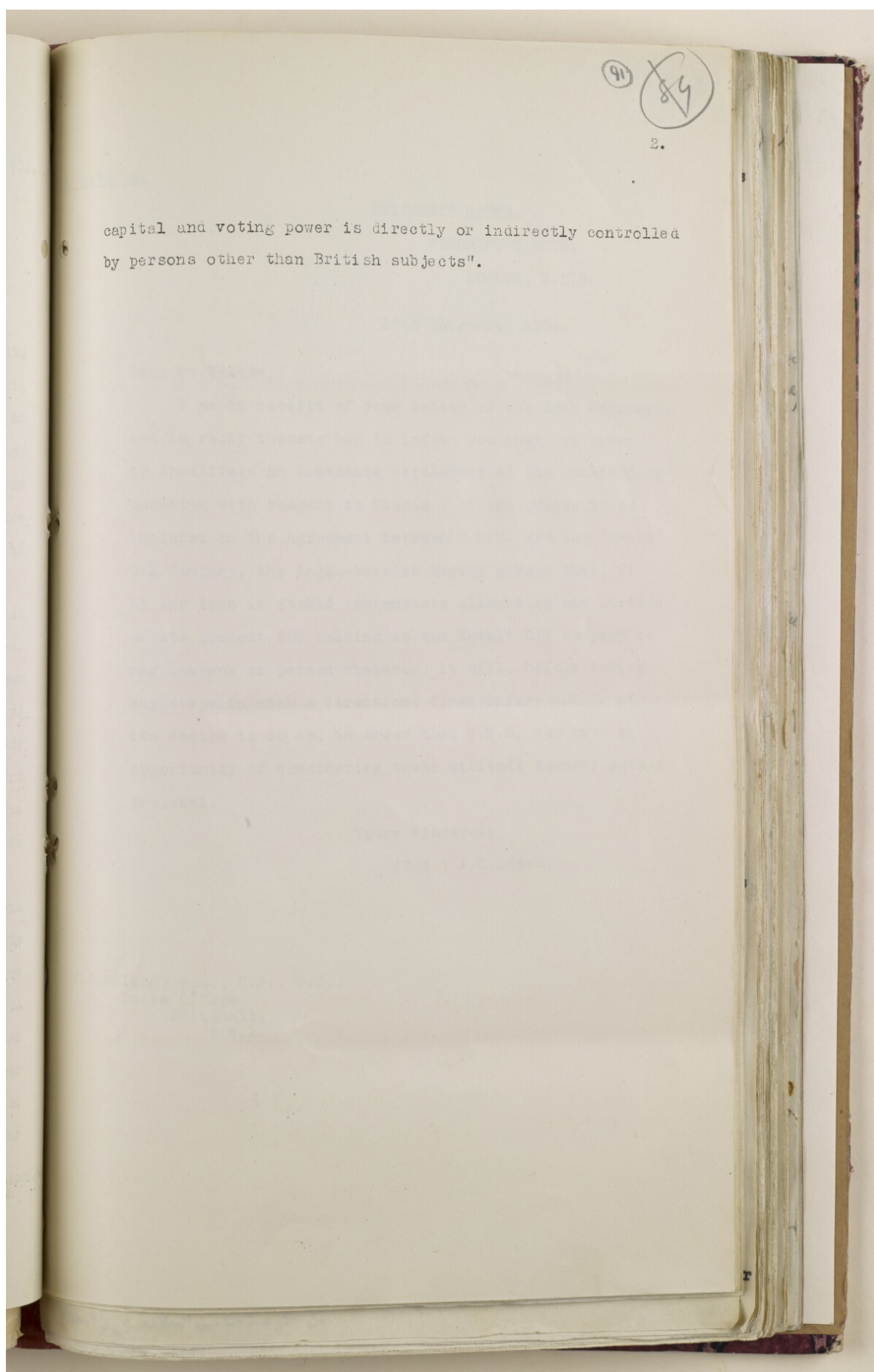
I am desired to refer to the discussion at the India Office on 13th February with you and Mr. Stevens regarding the proposed provision at the beginning of clause 2 of the **points** to be included in the agreement between His Majesty's Government and the Koweit Oil Company, which states "The Koweit Oil Company shall remain a company in which not more than 50% of the capital and voting power is directly or indirectly controlled by persons other than British subjects."

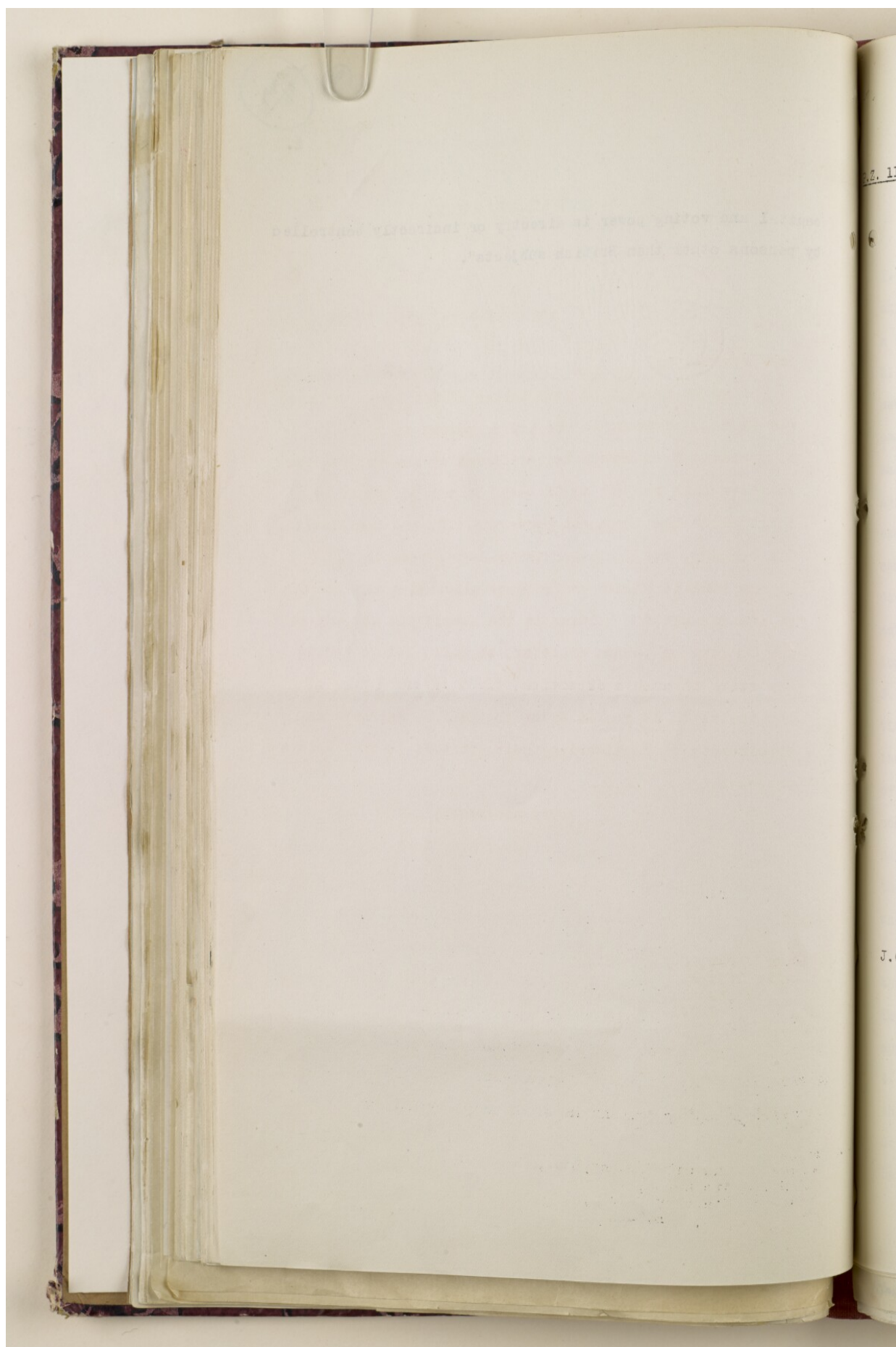
I am to say that His Majesty's Government are prepared to agree to the omission of this provision, on the understanding that if at any time the Anglo-Persian Oil Company should contemplate alienating any portion of their present 50% holding in the Koweit Oil Company to any company or person whatever, they would, before taking any steps in this direction, first inform His Majesty's Government of their desire to do so, in order to give the latter an opportunity of considering their attitude towards such a proposal.

On hearing from you that the Anglo-Persian Oil Company are able to accept this understanding, we should agree to the omission of the provision in question from clause 2, which would then read: "Notwithstanding anything contained in Article 14 of the Agreement between the Company and the Sheikh the obligations and benefits of that agreement shall not be transferred to any other company without the prior consent in writing of His Majesty's Government, and shall not be transferred to any company in which more than 50% of the

A.C. Hearn, Esq.,
Anglo-Persian Oil Company, Ltd.,
Britannic House,
Finsbury Circus,
E.C.2.









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BRITANNIC HOUSE,
FINSBURY CIRCUS,
LONDON, E.C.2.

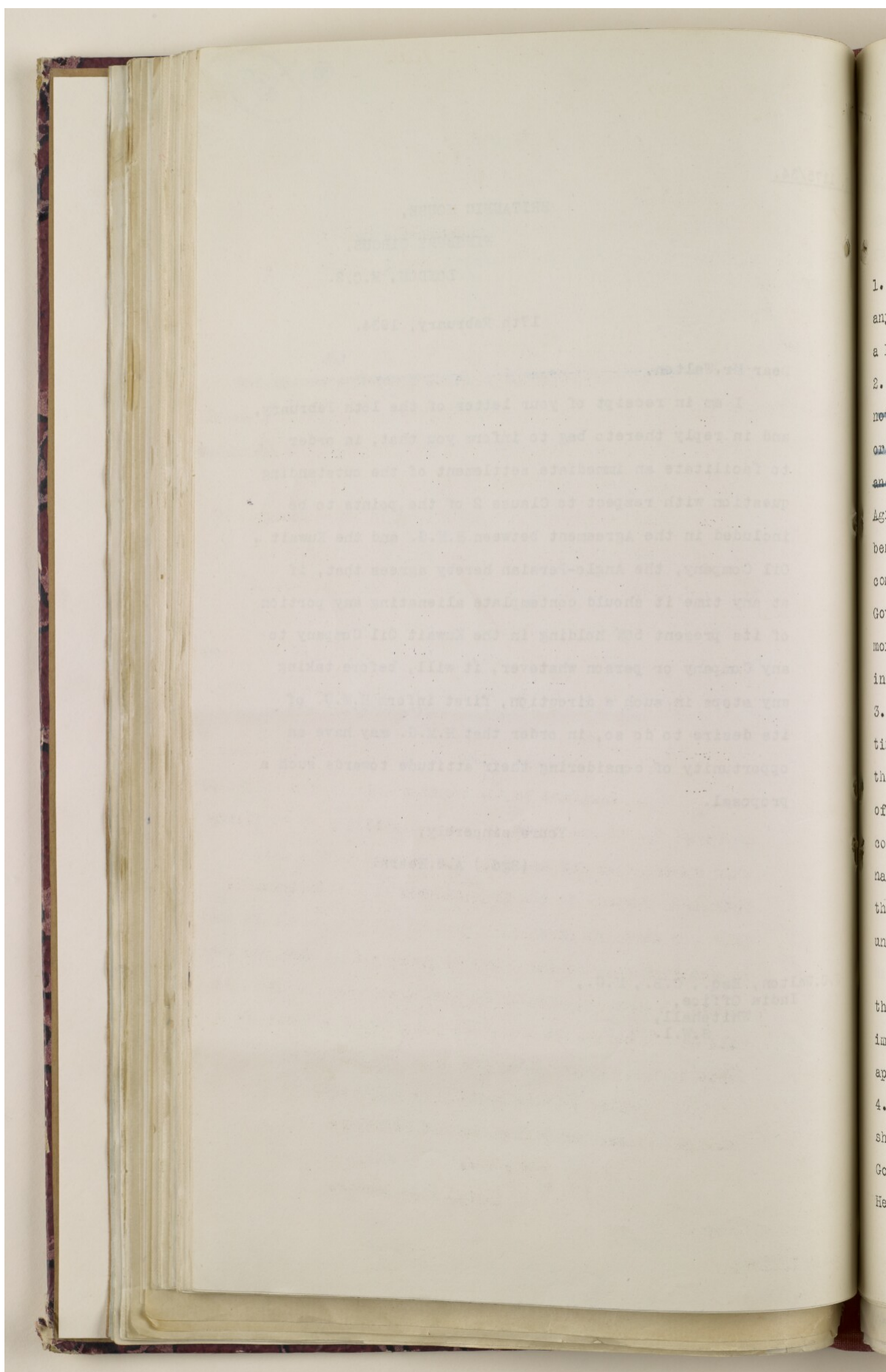
17th February, 1934.

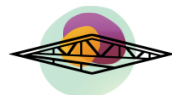
Dear Mr. Walton,

I am in receipt of your letter of the 16th February, and in reply thereto beg to inform you that, in order to facilitate an immediate settlement of the outstanding question with respect to Clause 2 of the points to be included in the Agreement between H.M.G. and the Kuwait Oil Company, the Anglo-Persian hereby agrees that, if at any time it should contemplate alienating any portion of its present 50% holding in the Kuwait Oil Company to any Company or person whatever, it will, before taking any steps in such a direction, first inform H.M.G. of its desire to do so, in order that H.M.G. may have an opportunity of considering their attitude towards such a proposal.

Yours sincerely,
(Sgd.) A.C.Hearn.

J.C. Walton, Esq., C.B., M.C.,
India Office,
Whitehall,
S.W.1.





P2. 1047

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(Amended copy)

19th February 1934.

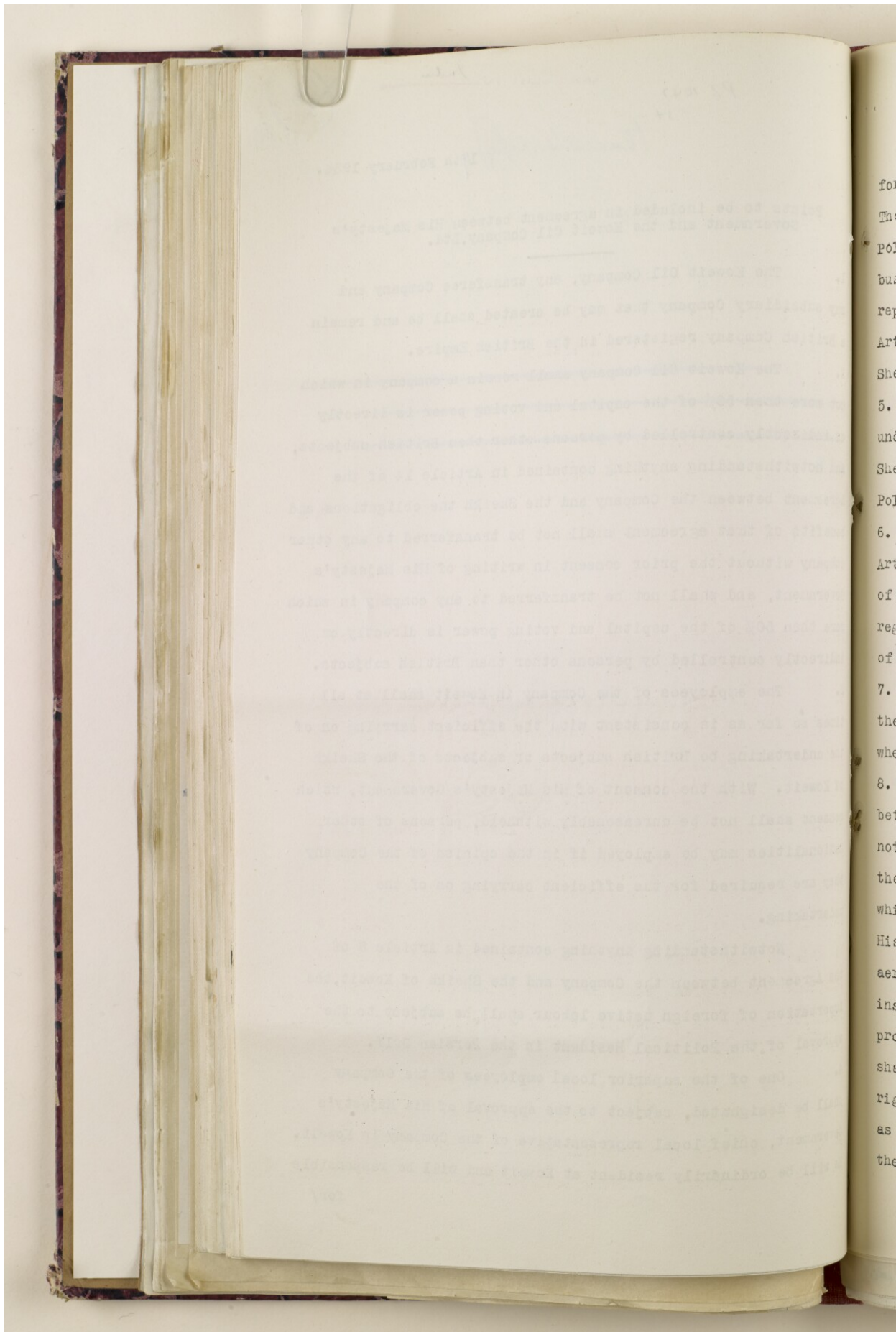
points to be included in agreement between His Majesty's Government and the Koweit Oil Company, Ltd.

1. The Koweit Oil Company, any transferee Company and any subsidiary Company that may be created shall be and remain a British Company registered in the British Empire.
2. ~~The Koweit Oil Company shall remain a company in which not more than 50% of the capital and voting power is directly or indirectly controlled by persons other than British subjects, and~~ Notwithstanding anything contained in Article 14 of the Agreement between the Company and the Sheikh the obligations and benefits of that agreement shall not be transferred to any other company without the prior consent in writing of His Majesty's Government, and shall not be transferred to any company in which more than 50% of the capital and voting power is directly or indirectly controlled by persons other than British subjects.
3. The employees of the Company in Koweit shall at all times so far as is consistent with the efficient carrying on of the undertaking be British subjects or subjects of the Sheikh of Koweit. With the consent of His Majesty's Government, which consent shall not be unreasonably withheld, persons of other nationalities may be employed if in the opinion of the Company they are required for the efficient carrying on of the undertaking.

Notwithstanding anything contained in Article 8 of the Agreement between the Company and the Sheikh of Koweit, the importation of foreign native labour shall be subject to the approval of the Political Resident in the Persian Gulf.

4. One of the superior local employees of the Company shall be designated, subject to the approval of His Majesty's Government, chief local representative of the Company in Koweit. He will be ordinarily resident at Koweit and will be responsible

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for the Company's local relations with the Koweit authorities. These local relations shall always be conducted through the Political Agent at Koweit, except as regards routine commercial business, which may be transacted through the official representatives (if any) whom the Sheikh may appoint under Article 6 (B) of the agreement between the Company and the Sheikh.

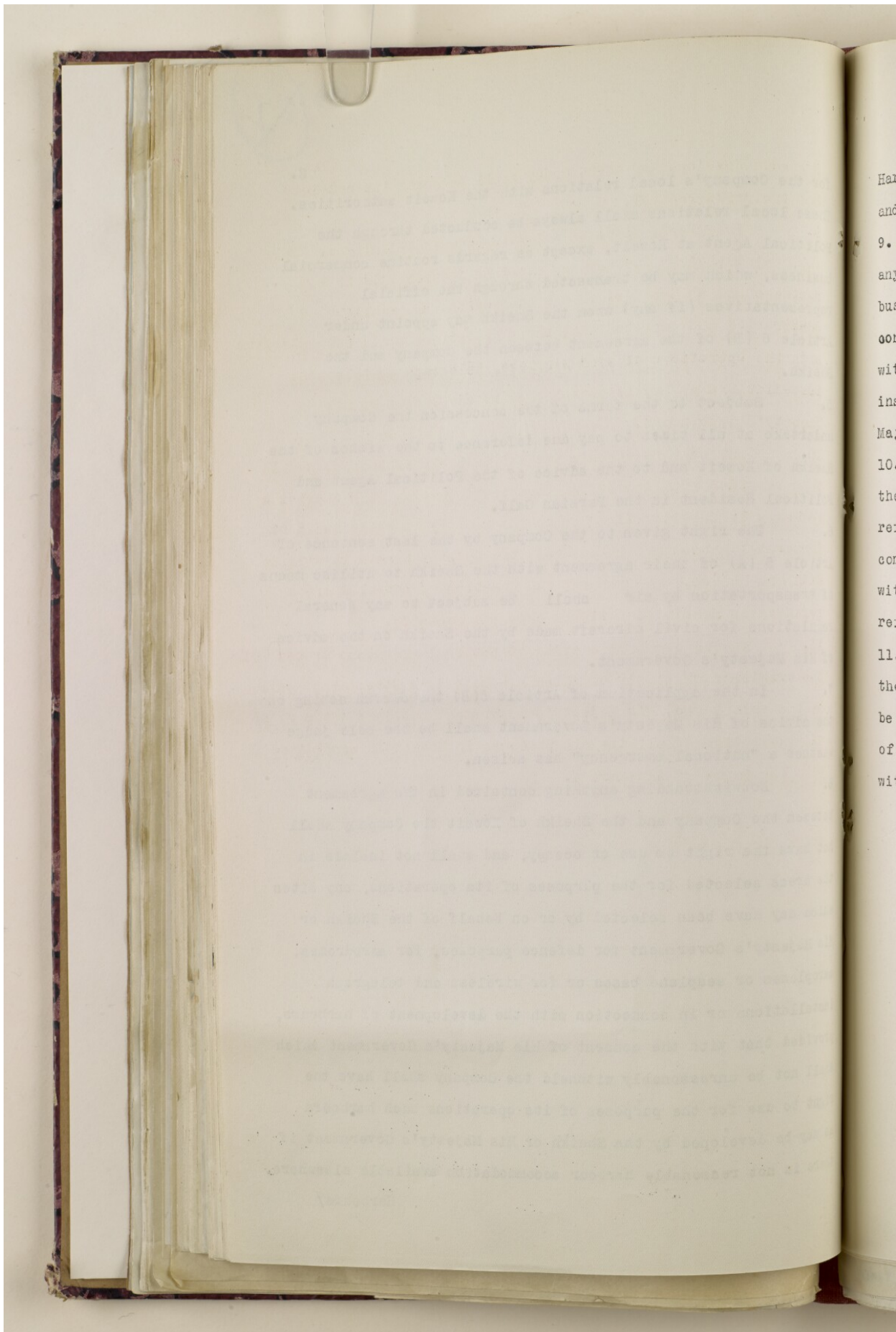
5. Subject to the terms of the concession the Company undertake at all times to pay due deference to the wishes of the Sheikh of Koweit and to the advice of the Political Agent and Political Resident in the Persian Gulf.

6. The right given to the Company by the last sentence of Article 5 (A) of their agreement with the Sheikh to utilise means of transportation by air shall be subject to any general regulations for civil aircraft made by the Sheikh on the advice of His Majesty's Government.

7. In the application of Article 5(B) the Sheikh acting on the advice of His Majesty's Government shall be the sole judge whether a "national emergency" has arisen.

8. Notwithstanding anything contained in the agreement between the Company and the Sheikh of Koweit the Company shall not have the right to use or occupy, and shall not include in the areas selected for the purposes of its operations, any sites which may have been selected by or on behalf of the Sheikh or His Majesty's Government for defence purposes, for aerodromes, aeroplanes or seaplane bases or for wireless and telegraph installations or in connection with the development of harbours, provided that with the consent of His Majesty's Government which shall not be unreasonably withheld the Company shall have the right to use for the purposes of its operations such harbours as may be developed by the Sheikh or His Majesty's Government if there is not reasonable harbour accommodation available elsewhere.

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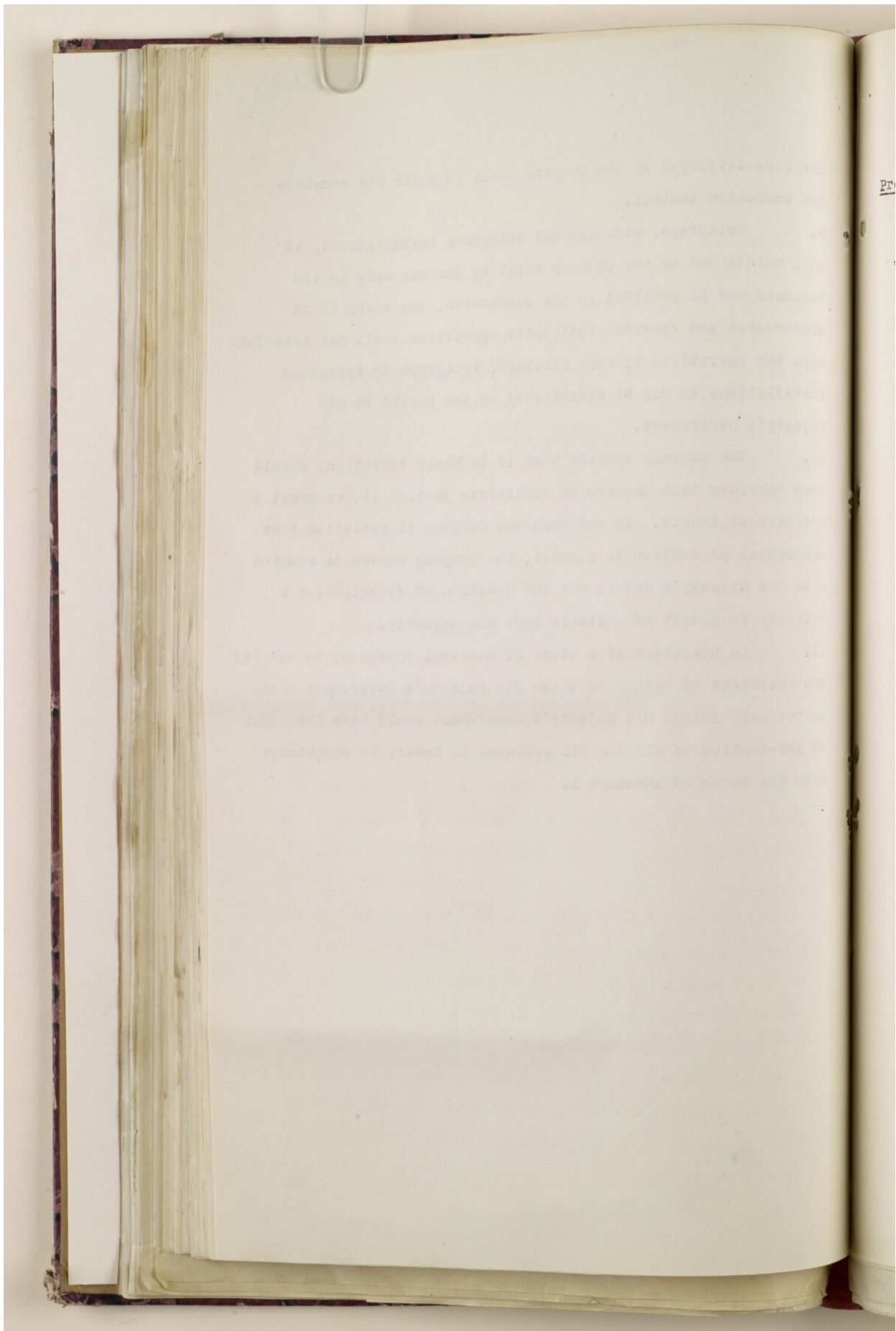
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Harbours developed by the Company shall be under its complete and exclusive control.

9. Telegraph, wireless and telephone installations, if any, maintained by the Company shall be for use only in its business and as provided in the concession, and shall be so constructed and operated that their operations shall not interfere with the operations of such wireless, telegraph or telephone installations as may be established by the Sheikh or His Majesty's Government.

10. The Company declare that it is their intention, should they consider that commercial conditions justify it, to erect a refinery at Koweit. If and when the Company is satisfied that commercial production is assured, the Company agrees to examine with His Majesty's Government the question of establishing a refinery in Koweit of suitable type and capacity.

11. In the event of a state of national emergency or war (of the existence of either of which His Majesty's Government shall be the sole judge) His Majesty's Government shall have the right of pre-emption of all the oil produced in Koweit in accordance with the terms of Annexure A.





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Annexure A.

Pre-emption Clause.

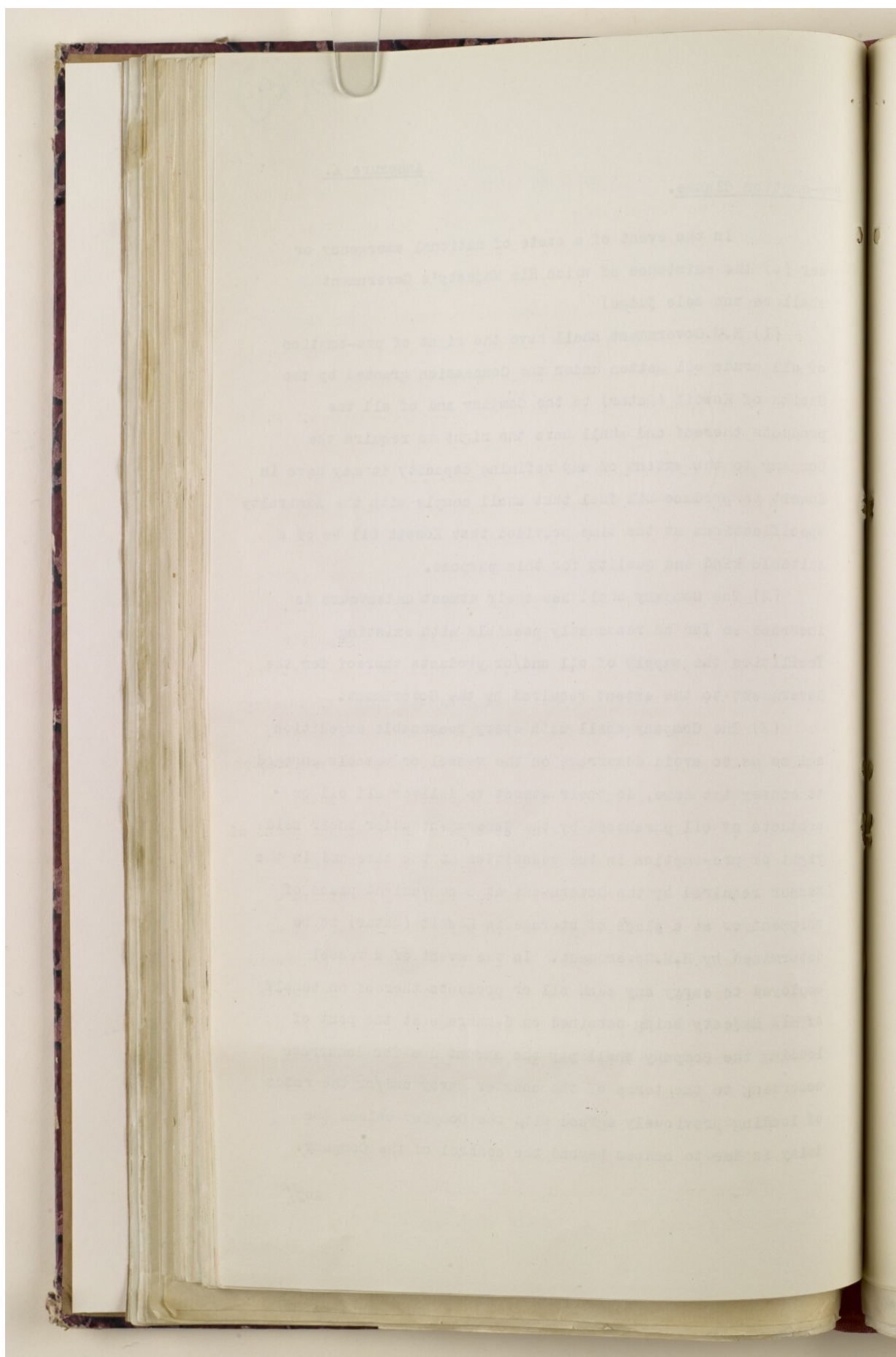
In the event of a state of national emergency or war (of the existence of which His Majesty's Government shall be the sole judge)

(1) H.M. Government shall have the right of pre-emption of all crude oil gotten under the Concession granted by the Sheikh of Koweit (Qatar) to the Company and of all the products thereof and shall have the right to require the Company to the extent of any refining capacity it may have in Koweit to produce oil fuel that shall comply with the Admiralty specifications at the time provided that Koweit Oil be of a suitable kind and quality for this purpose.

(2) The Company shall use their utmost endeavours to increase so far as reasonably possible with existing facilities the supply of oil and/or products thereof for the Government to the extent required by the Government.

(3) The Company shall with every reasonable expedition and so as to avoid demurrage on the vessel or vessels engaged to convey the same, do their utmost to deliver all oil or products of oil purchased by the Government under their said right of pre-emption in the quantities at the time and in the manner required by the Government at a convenient place of shipment or at a place of storage in Koweit (Qatar) to be determined by H.M. Government. In the event of a vessel employed to carry any such oil or products thereof on behalf of His Majesty being detained on demurrage at the port of loading the Company shall pay the amount due for demurrage according to the terms of the charter party and/or the rates of loading previously agreed with the Company unless the delay is due to causes beyond the control of the Company.

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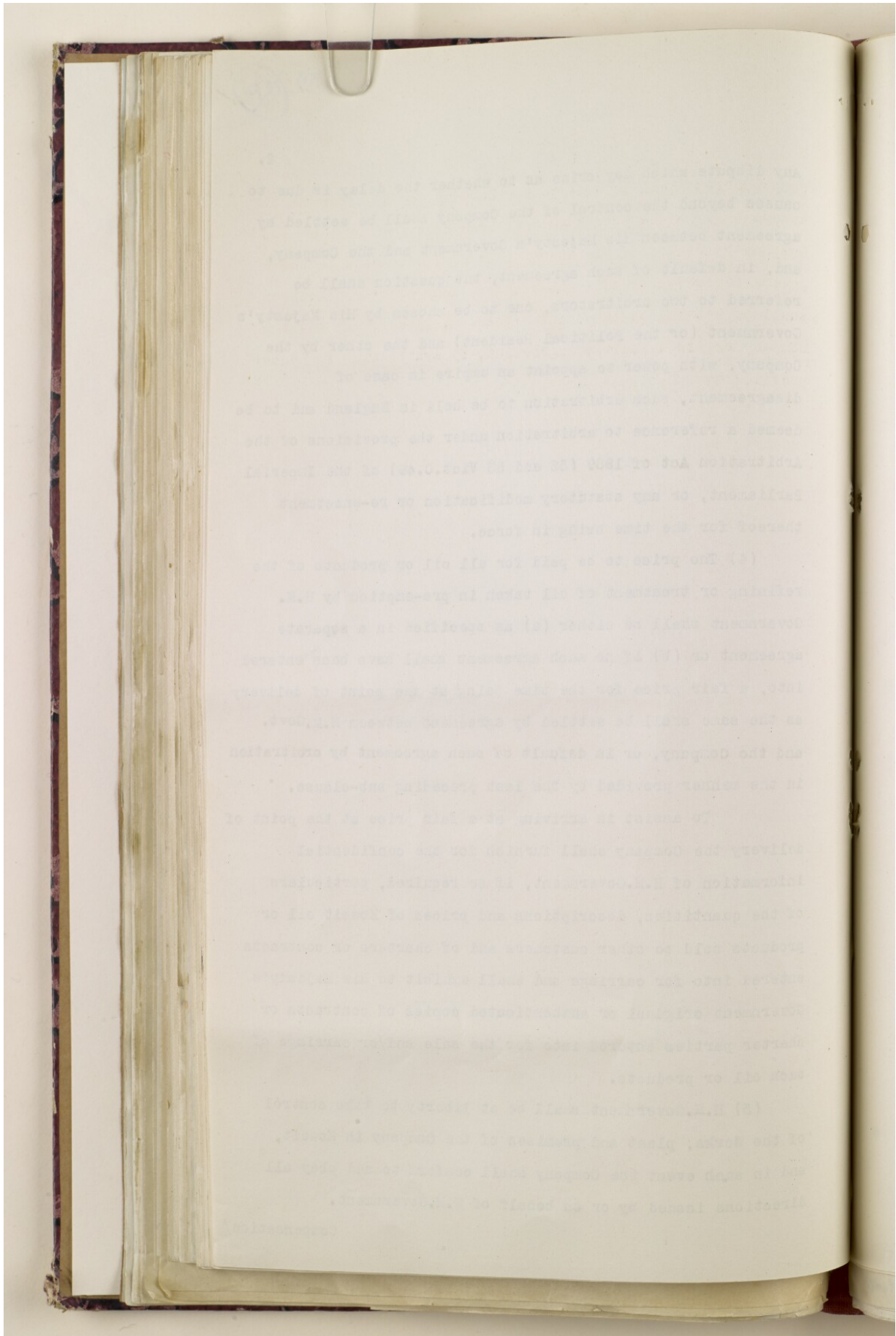
Any dispute which may arise as to whether the delay is due to causes beyond the control of the Company shall be settled by agreement between His Majesty's Government and the Company, and, in default of such agreement, the question shall be referred to two arbitrators, one to be chosen by His Majesty's Government (or the Political Resident) and the other by the Company, with power to appoint an umpire in case of disagreement, such arbitration to be held in England and to be deemed a reference to arbitration under the provisions of the Arbitration Act of 1889 (52 and 53 Vict.C.49) of the Imperial Parliament, or any statutory modification or re-enactment thereof for the time being in force.

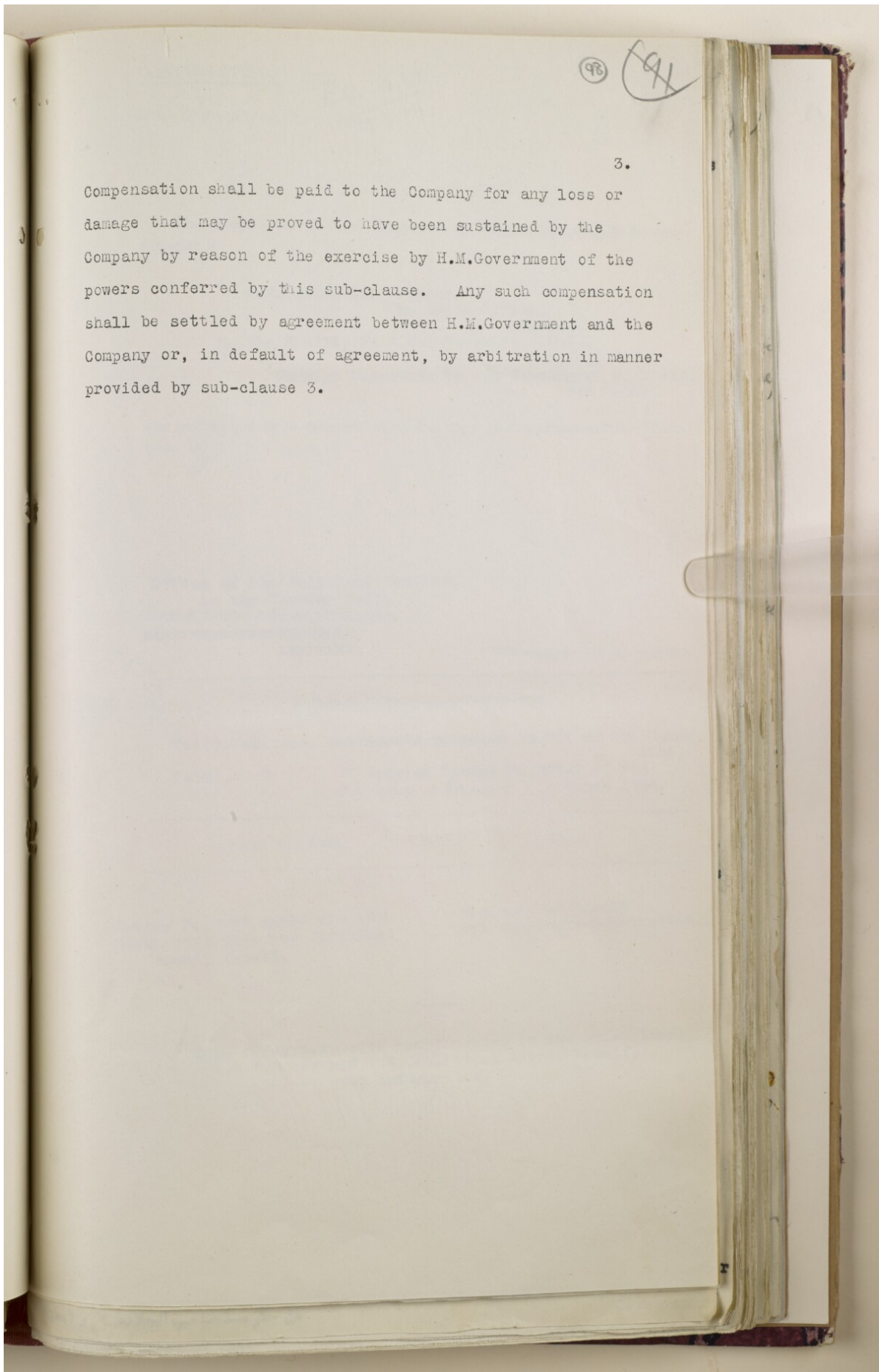
(4) The price to be paid for all oil or products of the refining or treatment of oil taken in pre-emption by H.M. Government shall be either (a) as specified in a separate agreement or (b) if no such agreement shall have been entered into, a fair price for the time being at the point of delivery as the same shall be settled by agreement between H.M.Govt. and the Company, or in default of such agreement by arbitration in the manner provided by the last preceding sub-clause.

To assist in arriving at a fair price at the point of delivery the Company shall furnish for the confidential information of H.M.Government, if so required, particulars of the quantities, descriptions and prices of Koweit oil or products sold to other customers and of charters or contracts entered into for carriage and shall exhibit to His Majesty's Government original or authenticated copies of contracts or charter parties entered into for the sale and/or carriage of such oil or products.

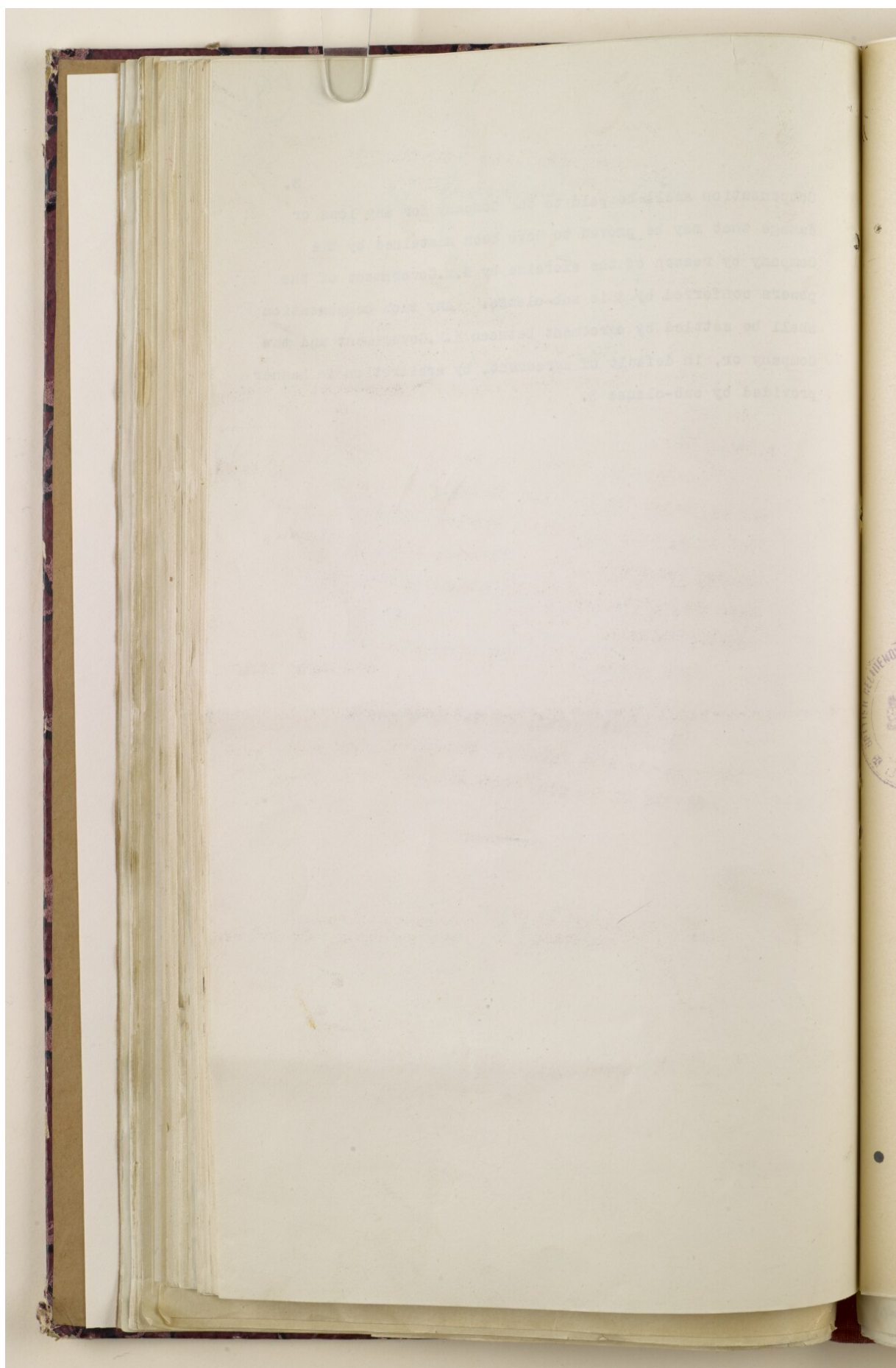
(5) H.M.Government shall be at liberty to take control of the works, plant and premises of the Company in Koweit, and in such event the Company shall conform to and obey all directions issued by or on behalf of H.M.Government.

Compensation/





3.
Compensation shall be paid to the Company for any loss or damage that may be proved to have been sustained by the Company by reason of the exercise by H.M.Government of the powers conferred by this sub-clause. Any such compensation shall be settled by agreement between H.M.Government and the Company or, in default of agreement, by arbitration in manner provided by sub-clause 3.





CONFIDENTIAL.

No. C/90 of 1934.

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The Hon'ble the Political Resident in the Persian Gulf presents his compliments to

1. J.G.Laithwaite Esquire,
The India Office,
London.
2. The Hon'ble Mr.H.A.F.Metcalf, C.B.I.,
C.I.E., M.V.O.,
Foreign Secretary to the Government of India,
New Delhi.

and has the honour to transmit to him a copy of the undermentioned document (s).

//

Office of the Political Resident
in the Persian Gulf,
British Consulate General, Bahrain.

XXXXXXXXXXXX BUSHIRE.
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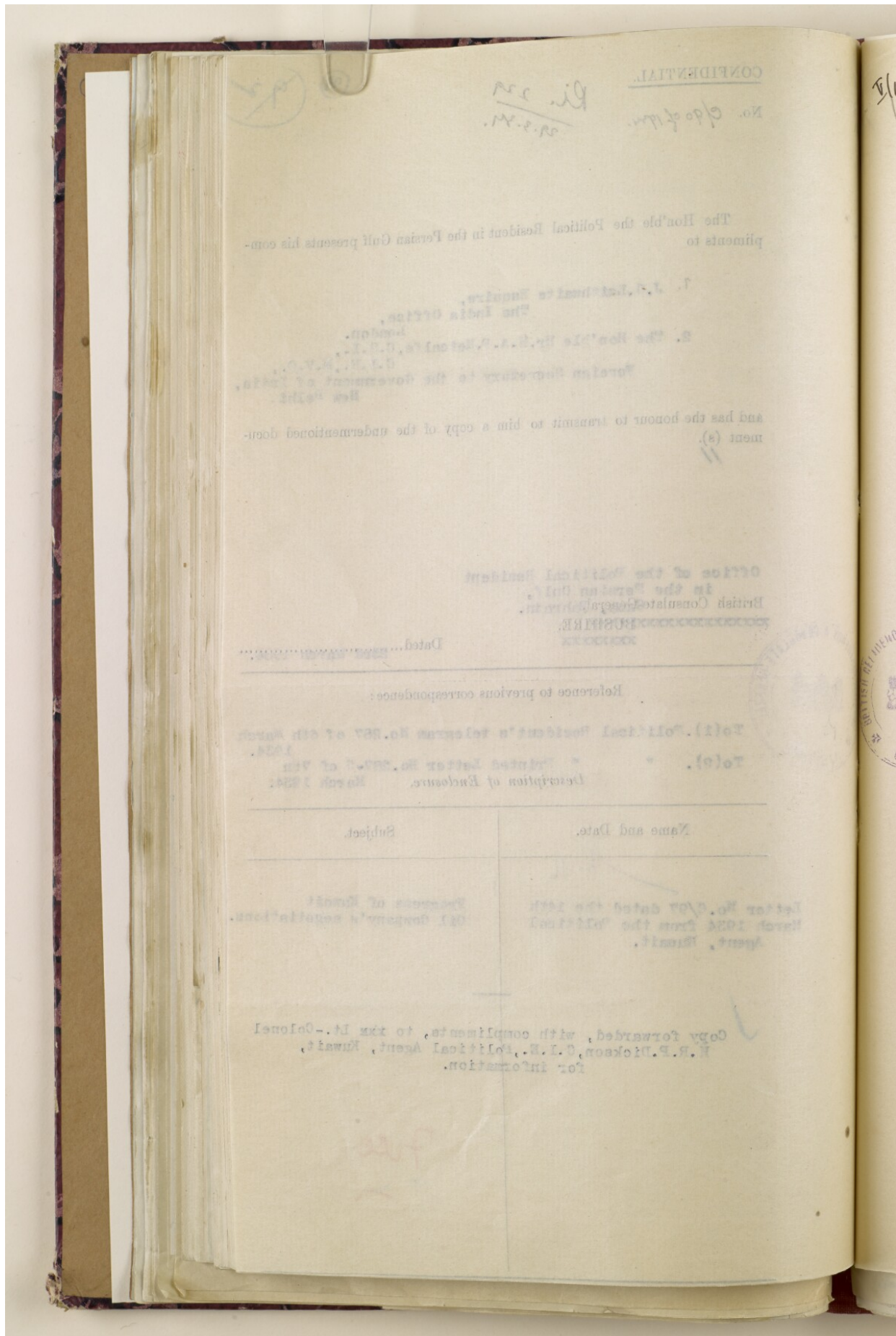
Dated... 23rd MARCH 1934...

Reference to previous correspondence:

- To(1). Political Resident's telegram No. 287 of 6th March 1934.
- To(2). " * Printed Letter No. 287-B of 7th March 1934.
Description of Enclosure.



Name and Date.	Subject.
Letter No. C/97 dated the 14th March 1934 from the Political Agent, Kuwait.	Progress of Kuwait Oil Company's negotiations.
Copy forwarded, with compliments, to the Lt.-Colonel F.R.P. Dickson, C.I.E., Political Agent, Kuwait, for information.	
Free	





(100) 93

CONFIDENTIAL.

No. 7/113-of 1934.

The Hon'ble the Political Resident in the Persian Gulf presents his compliments to

The Political Agent,
Kuwait.

and has the honour to transmit to him a copy of the undermentioned document (s). for information.

Office of the Political Resident
in the Persian Gulf,
Camp, Bahrain.

~~British Consulate General,~~
BESSEMER.

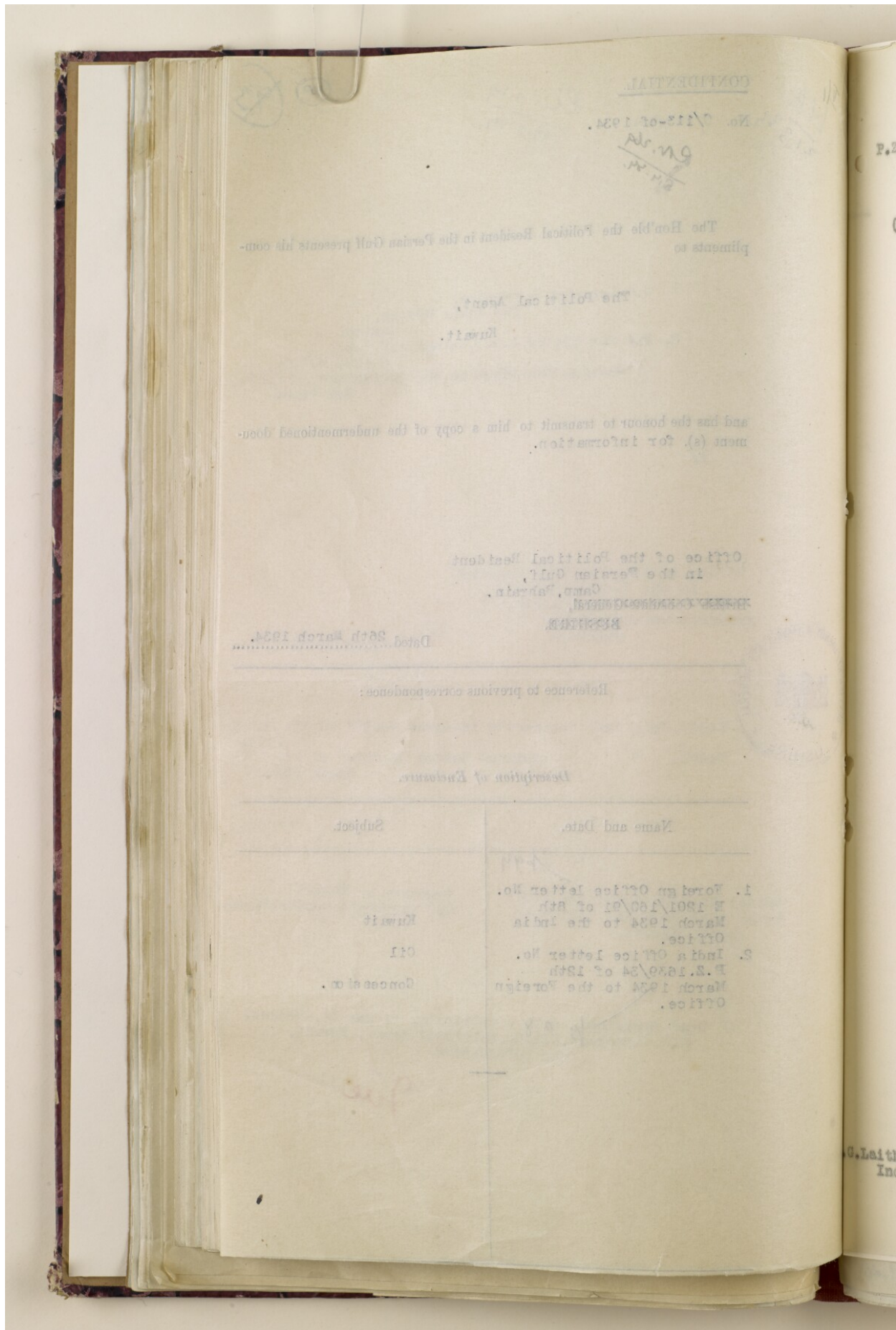
Dated 26th March 1934.

Reference to previous correspondence:

Description of Enclosure.

Name and Date.	Subject.
1. Foreign Office letter No. E 1201/160/91 of 8th March 1934 to the India Office. <i>p 94</i>	Kuwait
2. India Office letter No. P.Z. 1639/34 of 12th March 1934 to the Foreign Office. <i>p 98</i>	Oil Concession.

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P.Z.1639/1934.

FOREIGN OFFICE, S.W.1

(E 1201/160/91)

8th March, 1934.

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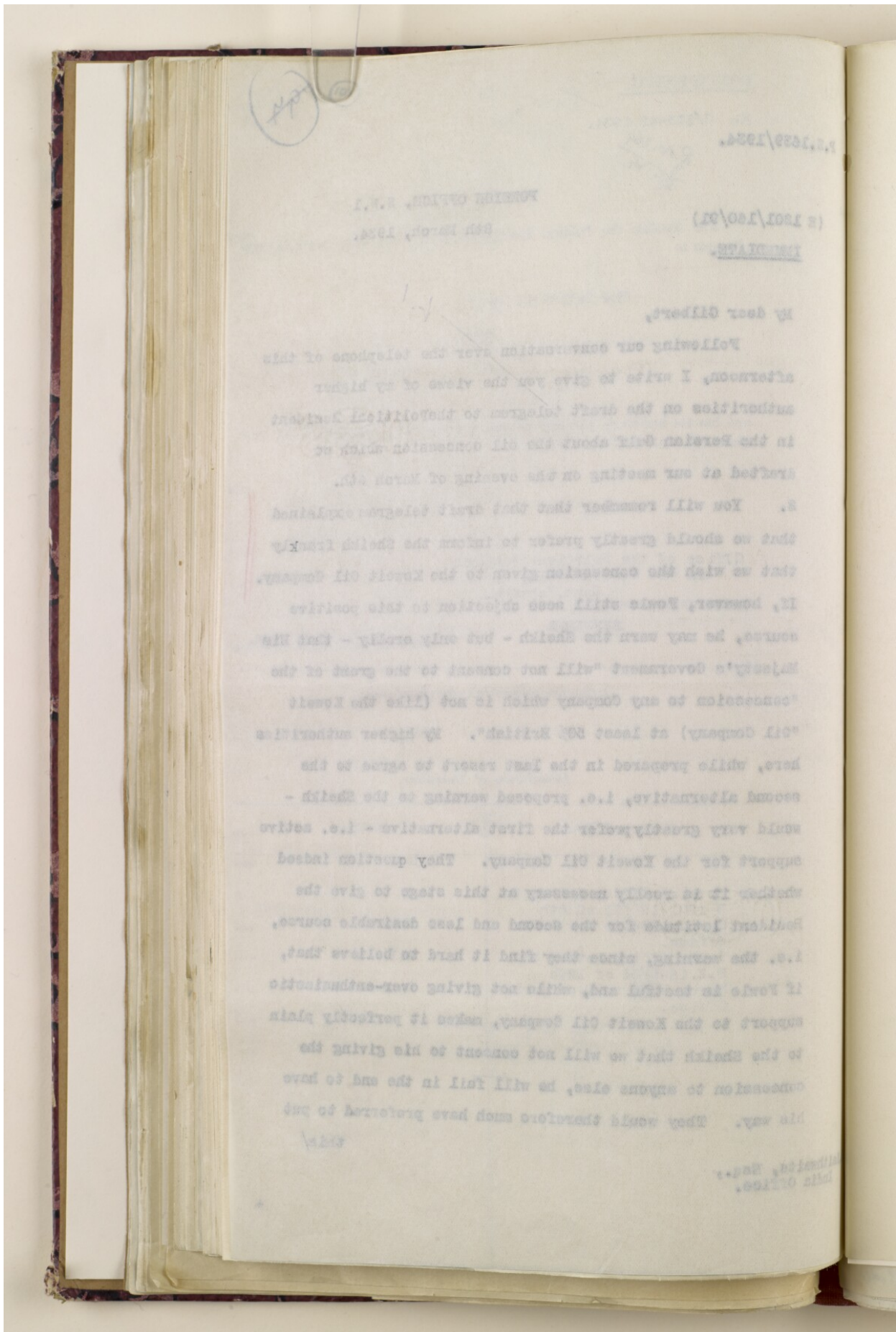
My dear Gilbert,

Following our conversation over the telephone of this afternoon, I write to give you the views of my higher authorities on the draft telegram to the Political Resident in the Persian Gulf about the oil concession which we drafted at our meeting on the evening of March 6th.

2. You will remember that that draft telegram explained that we should greatly prefer to inform the Sheikh frankly that we wish the concession given to the Koweit Oil Company. If, however, Fowle still sees objection to this positive course, he may warn the Sheikh - but only orally - that His Majesty's Government "will not consent to the grant of the "concession to any Company which is not (like the Koweit "Oil Company) at least 50% British". My higher authorities here, while prepared in the last resort to agree to the second alternative, i.e. proposed warning to the Sheikh - would very greatly prefer the first alternative - i.e. active support for the Koweit Oil Company. They question indeed whether it is really necessary at this stage to give the Resident latitude for the second and less desirable course, i.e. the warning, since they find it hard to believe that, if Fowle is tactful and, while not giving over-enthusiastic support to the Koweit Oil Company, makes it perfectly plain to the Sheikh that we will not consent to his giving the concession to anyone else, he will fail in the end to have his way. They would therefore much have preferred to put

this/

G. Leithwaite, Esq.,
India Office.





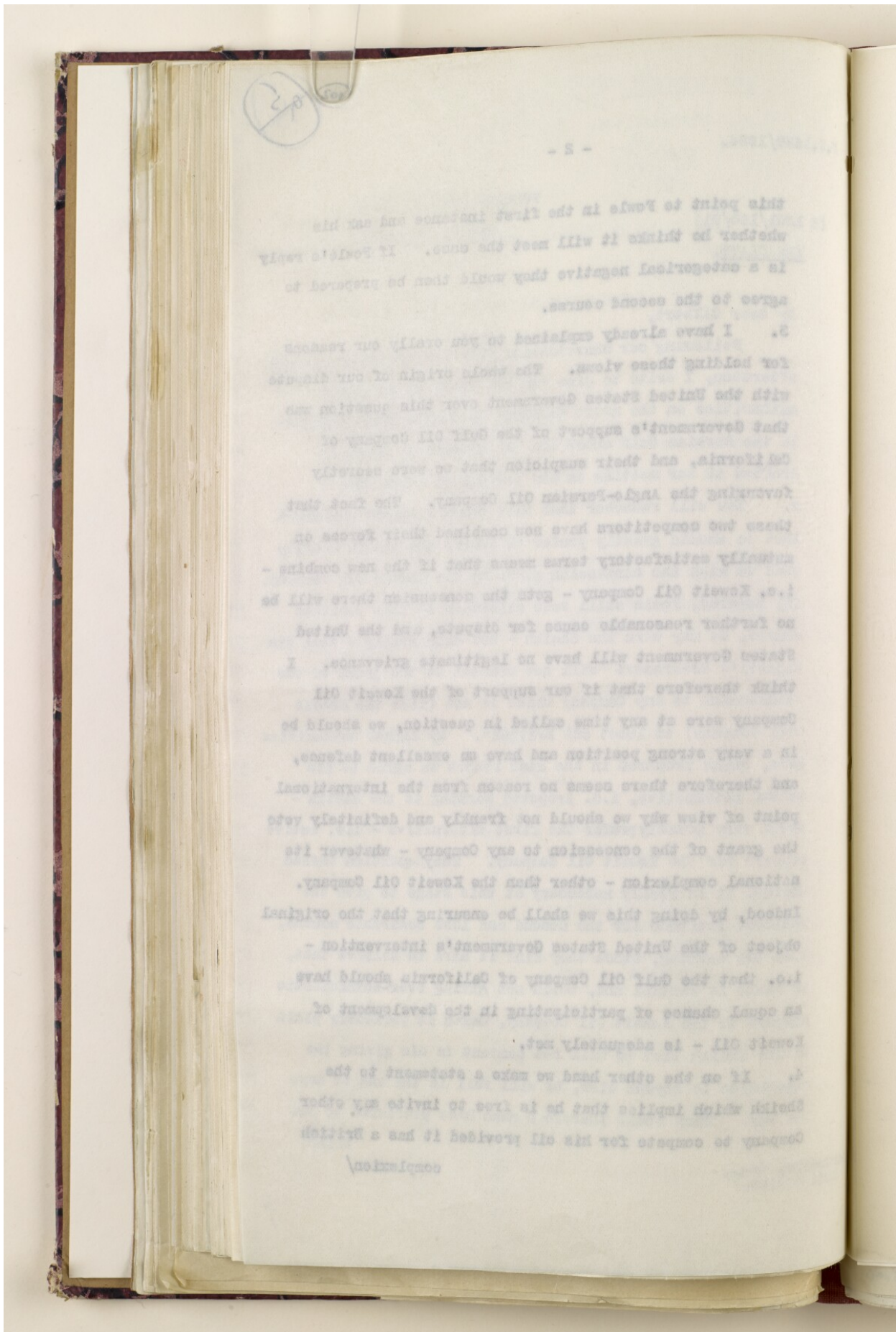
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this point to Fowle in the first instance and ask him whether he thinks it will meet the case. If Fowle's reply is a categorical negative they would then be prepared to agree to the second course.

3. I have already explained to you orally our reasons for holding these views. The whole origin of our dispute with the United States Government over this question was that Government's support of the Gulf Oil Company of California, and their suspicion that we were secretly favouring the Anglo-Persian Oil Company. The fact that these two competitors have now combined their forces on mutually satisfactory terms means that if the new combine - i.e. Koweit Oil Company - gets the concession there will be no further reasonable cause for dispute, and the United States Government will have no legitimate grievance. I think therefore that if our support of the Koweit Oil Company were at any time called in question, we should be in a very strong position and have an excellent defence, and therefore there seems no reason from the international point of view why we should not frankly and definitely veto the grant of the concession to any Company - whatever its national complexion - other than the Koweit Oil Company. Indeed, by doing this we shall be ensuring that the original object of the United States Government's intervention - i.e. that the Gulf Oil Company of California should have an equal chance of participating in the development of Koweit Oil - is adequately met.

4. If on the other hand we make a statement to the Sheikh which implies that he is free to invite any other Company to compete for his oil provided it has a British complexion/



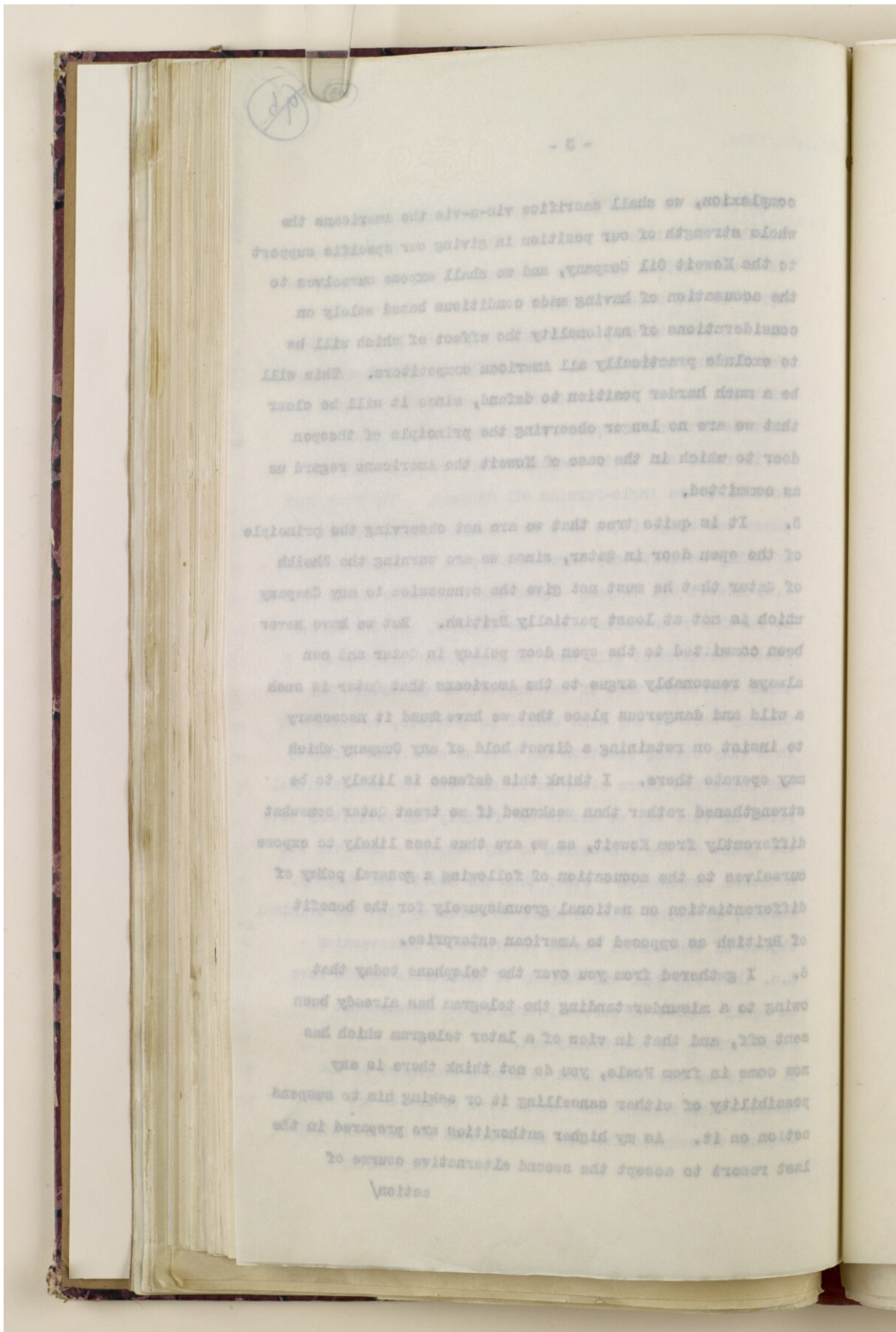


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complexion, we shall sacrifice vis-a-vis the Americans the whole strength of our position in giving our specific support to the Koweit Oil Company, and we shall expose ourselves to the accusation of having made conditions based solely on considerations of nationality the effect of which will be to exclude practically all American competitors. This will be a much harder position to defend, since it will be clear that we are no longer observing the principle of the open door to which in the case of Koweit the Americans regard us as committed.

5. It is quite true that we are not observing the principle of the open door in Qatar, since we are warning the Sheikh of Qatar that he must not give the concession to any Company which is not at least partially British. But we have never been committed to the open door policy in Qatar and can always reasonably argue to the Americans that Qatar is such a wild and dangerous place that we have found it necessary to insist on retaining a direct hold of any Company which may operate there. I think this defence is likely to be strengthened rather than weakened if we treat Qatar somewhat differently from Koweit, as we are thus less likely to expose ourselves to the accusation of following a general policy of differentiation on national grounds purely for the benefit of British as opposed to American enterprise.

6. I gathered from you over the telephone today that owing to a misunderstanding the telegram has already been sent off, and that in view of a later telegram which has now come in from Fowle, you do not think there is any possibility of either cancelling it or asking him to suspend action on it. As my higher authorities are prepared in the last resort to accept the second alternative course of
action/





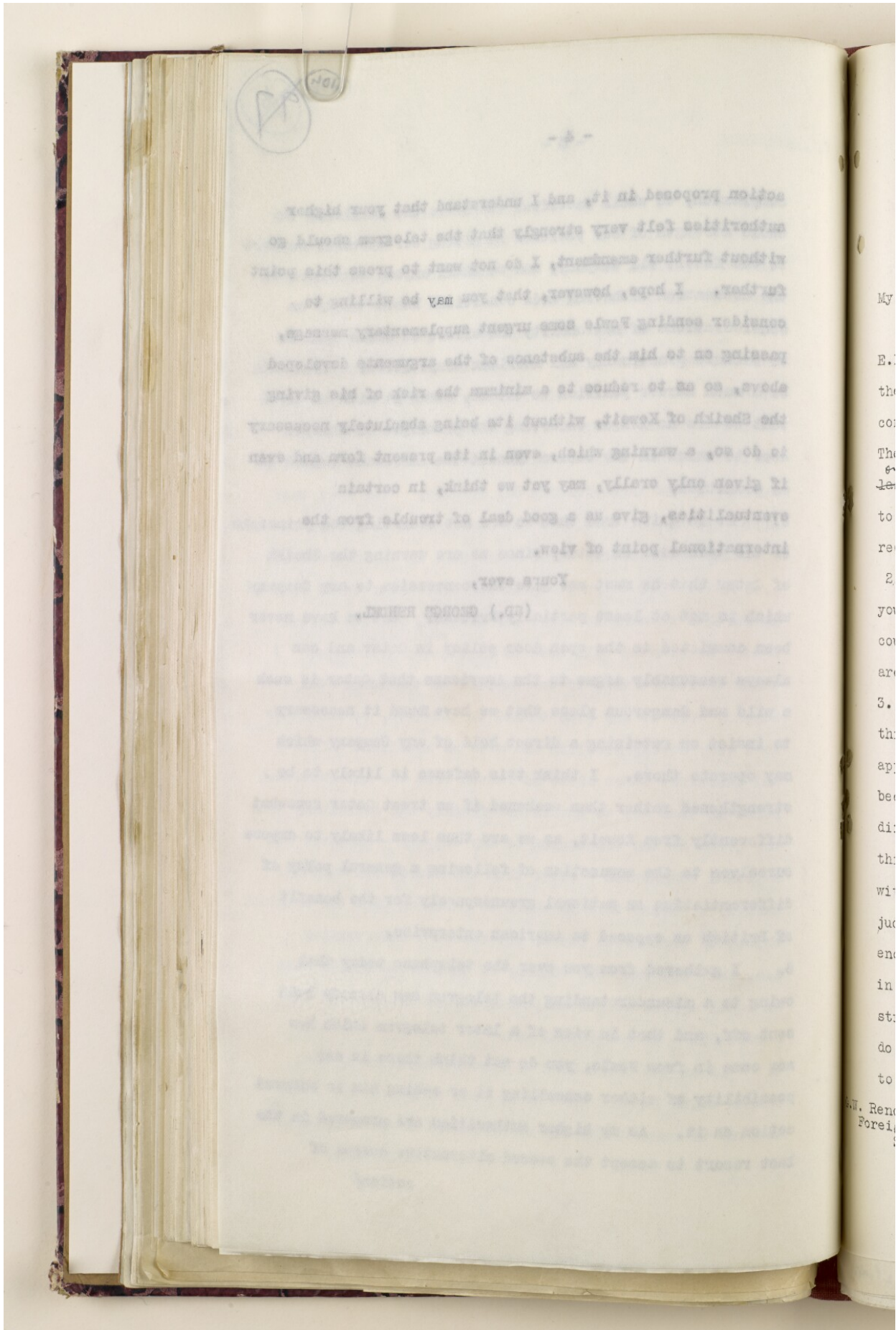
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action proposed in it, and I understand that your higher authorities felt very strongly that the telegram should go without further amendment, I do not want to press this point further. I hope, however, that you may be willing to consider sending Fowle some urgent supplementary message, passing on to him the substance of the arguments developed above, so as to reduce to a minimum the risk of his giving the Sheikh of Koweit, without its being absolutely necessary to do so, a warning which, even in its present form and even if given only orally, may yet we think, in certain eventualities, give us a good deal of trouble from the international point of view.

Yours ever,

(SD.) GEORGE RENDEL.





Immediate.
P.Z.1639/34.

India Office,
Whitehall, S.W.1.
12th March 1934.

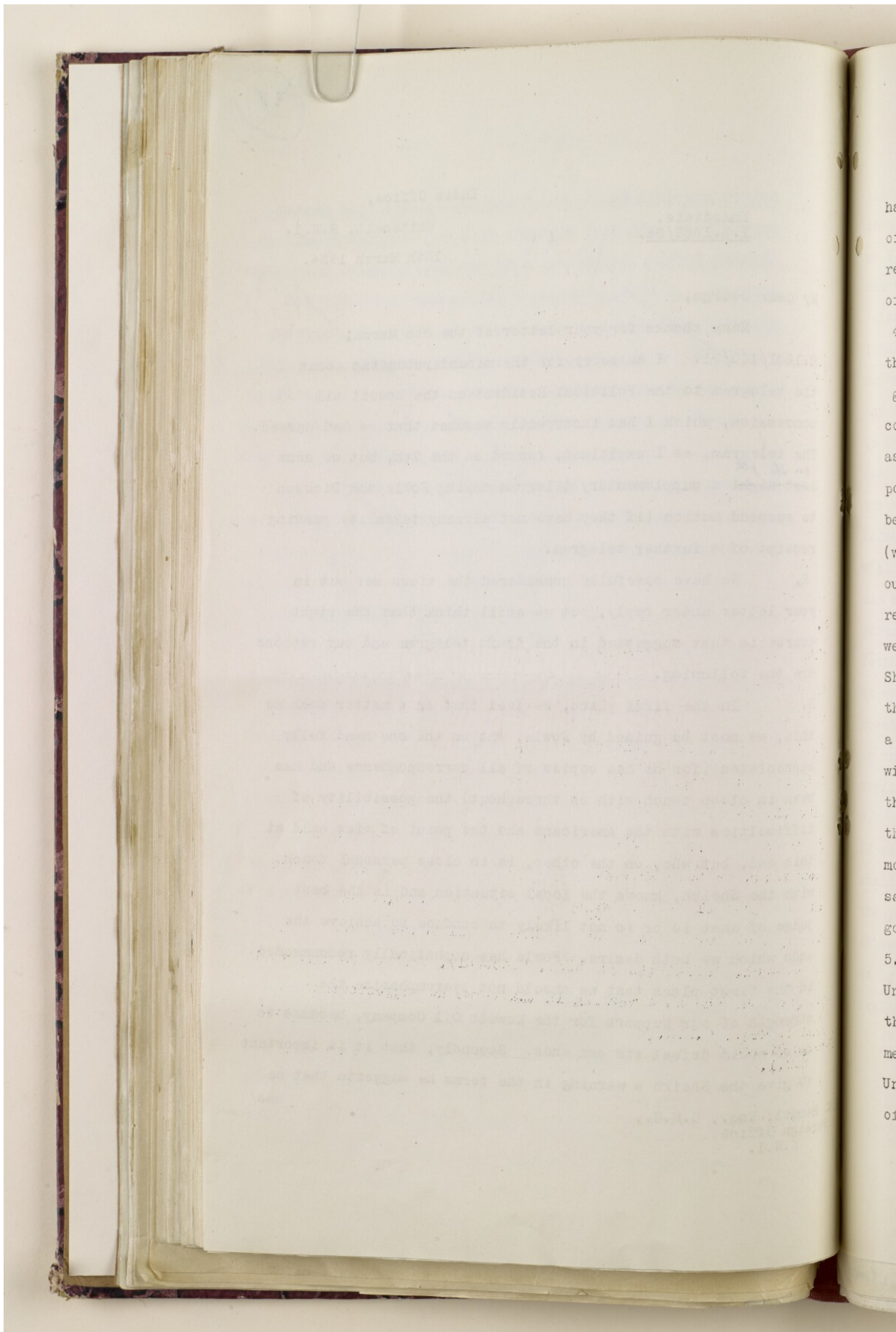
My dear George,

Many thanks for your letter of the 8th March.
E.1201/160/91. I am sorry for the misunderstanding about
the telegram to the Political Resident on the Koweit oil
concession, which I had incorrectly assumed that we had agreed.
The telegram, as I explained, issued on the 7th, but we sent
^{on the 7th} ~~last night~~ a supplementary telegram asking Fowle and Dickson
to suspend action (if they have not already taken it) pending
receipt of a further telegram.

2. We have carefully considered the views set out in
your letter under reply, but we still think that the right
course is that suggested in the draft telegram and our reasons
are the following.

3. In the first place, we feel that in a matter such as
this, we must be guided by Fowle, who on the one hand fully
appreciates (for he has copies of all correspondence and has
been in close touch with us throughout) the possibility of
difficulties with the Americans and the point of view held at
this end, but who, on the other, is in close personal touch
with the Sheikh, knows the local situation and is the best
judge of what is or is not likely to conduce to achieve the
ends which we both desire. Fowle has emphatically recommended
in the first place that we should not overemphasise the
strength of our support for the Koweit Oil Company, because to
do so would defeat its own ends. Secondly, that it is important
to give the Sheikh a warning in the terms he suggests that he
has/

W. Rendel, Esq., C.M.G.,
Foreign Office,
S.W.1.



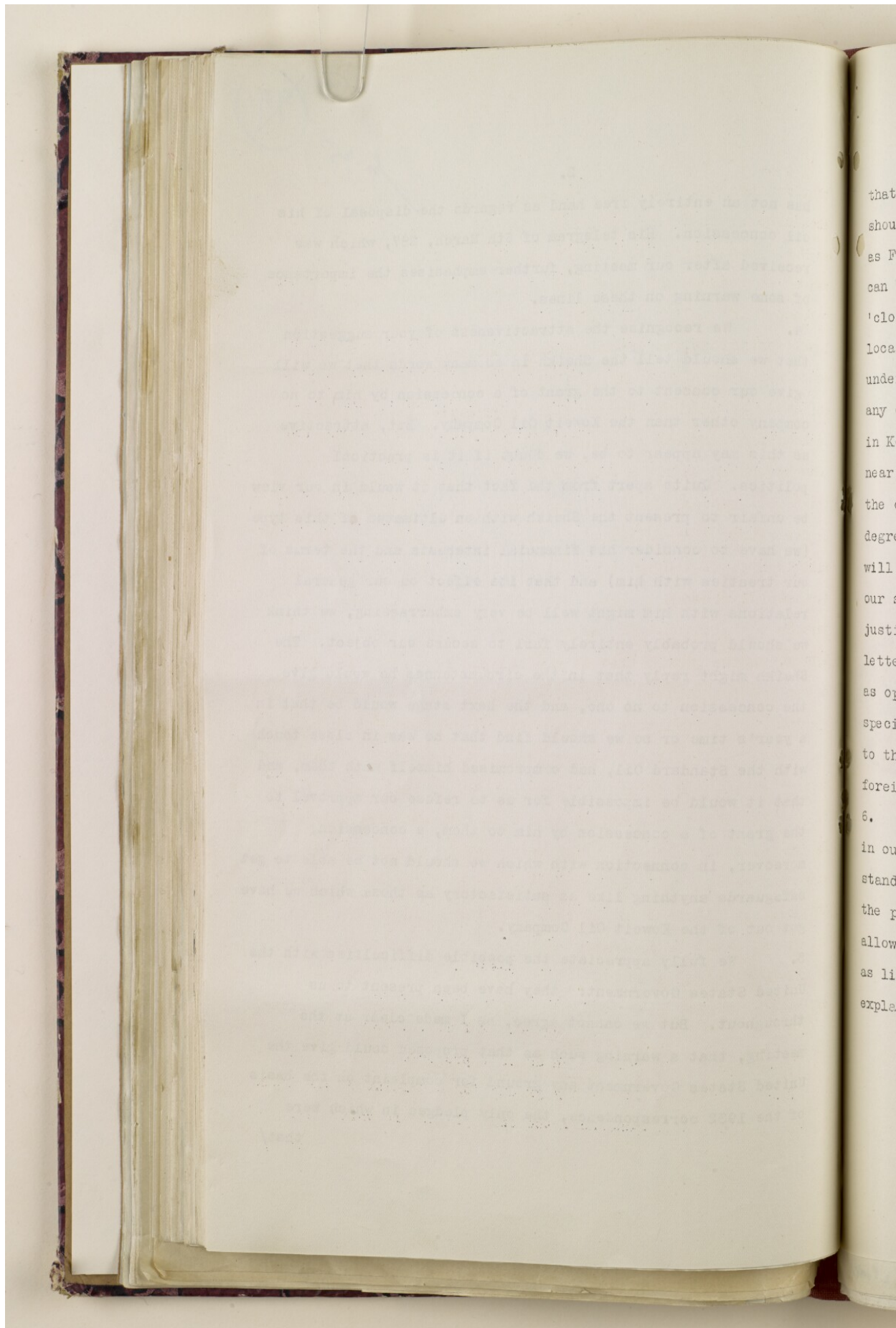


2.

has not an entirely free hand as regards the disposal of his oil concession. His telegram of 6th March, 287, which was received after our meeting, further emphasises the importance of some warning on these lines.

4. We recognise the attractiveness of your suggestion that we should tell the Sheikh in so many words that we will give our consent to the grant of a concession by him to no company other than the Koweit Oil Company. But, attractive as this may appear to be, we doubt if it is practical politics. Quite apart from the fact that it would in our view be unfair to present the Sheikh with an ultimatum of this type (we have to consider his financial interests and the terms of our treaties with him) and that its effect on our general relations with him might well be very embarrassing, we think we should probably entirely fail to secure our object. The Sheikh might reply that in the circumstances he would give the concession to no one, and the next stage would be that in a year's time or so we should find that he was in close touch with the Standard Oil, had compromised himself with them, and that it would be impossible for us to refuse our approval to the grant of a concession by him to them, a concession, moreover, in connection with which we should not be able to get safeguards anything like as satisfactory as those which we have got out of the Koweit Oil Company.

5. We fully appreciate the possible difficulties with the United States Government: they have been present to us throughout. But we cannot agree, as I made clear at the meeting, that a warning such as that proposed could give the United States Government any ground for complaint on the basis of the 1932 correspondence, the only pledges in which were
that/



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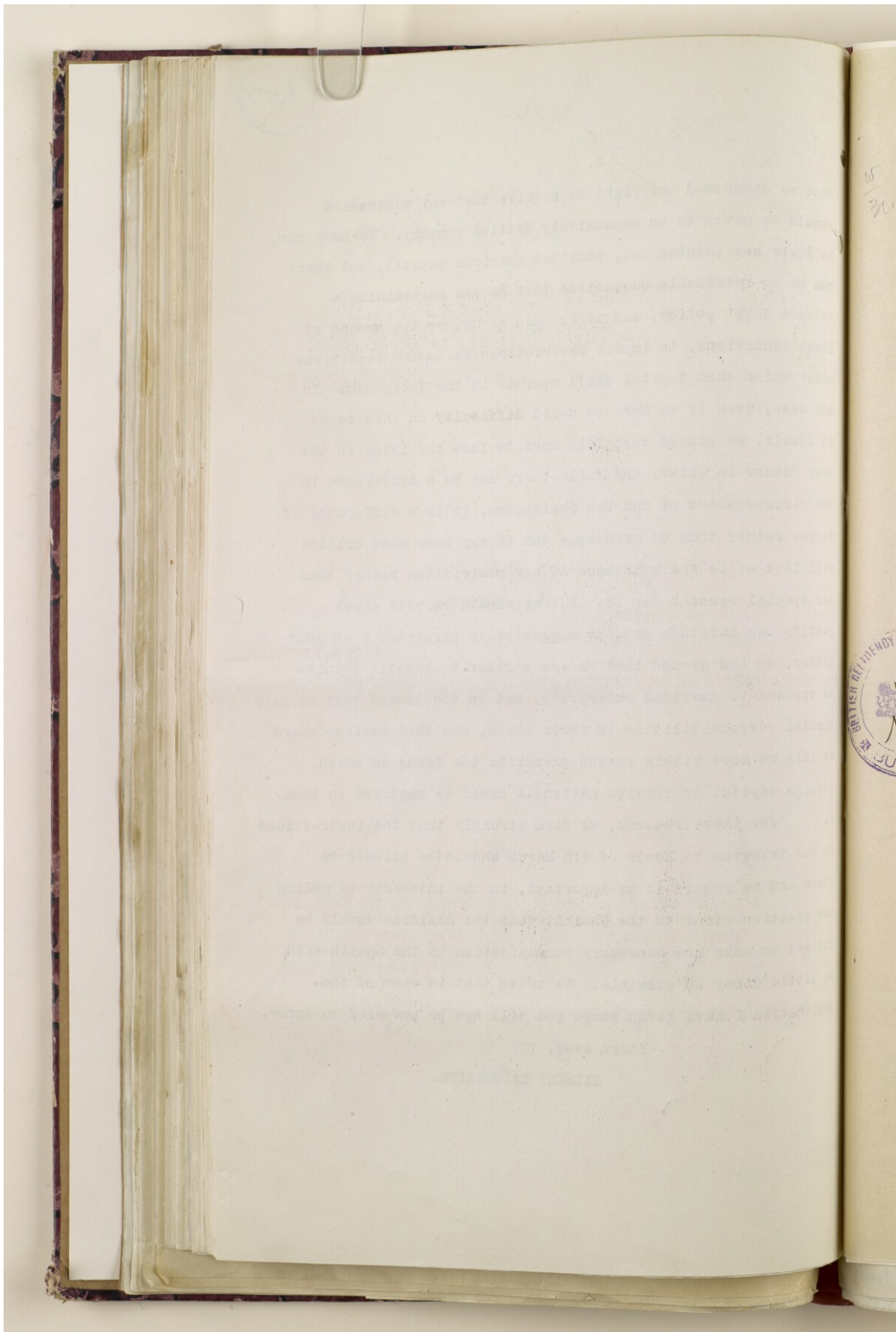
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3.

that we abandoned our right to require that any concession should be given to an exclusively British company. We have now, as Fowle has pointed out, admitted American capital, and there can be no reasonable suggestion that we are maintaining a 'closed door' policy, and it is open to us, on the ground of local conditions, to impose restrictions as to the conditions under which such capital shall operate in the Sheikhdom. In any case, even if we were to avoid difficulty on this score in Koweit, we should certainly have to face the issue in the near future in Qatar, and while there may be a difference in the circumstances of the two Sheikhdoms, it is a difference of degree rather than of principle and in any case what critics will look at is the substance of any restriction rather than our special reasons for it. But we should in both cases justify our attitude not, as suggested in paragraph 5 of your letter, on the ground that we are anxious to benefit British as opposed to American enterprise, but on the ground that we have special responsibilities in these areas, and that having regard to this we must within reason prescribe the terms on which foreign capital or foreign nationals shall be employed in them.

6. For these reasons, we feel strongly that the instructions in our telegram to Fowle of 7th March should be allowed to stand and we regard it as important, in the interests of making the position clear to the Sheikh, that the Resident should be allowed to make the necessary communication to the Sheikh with as little delay as possible. We trust that in view of the explanation I have given above you will now be prepared to agree.

Yours ever,

GILBERT LAITHWAITE.





CONFIDENTIAL.

Air Mail

No. C/115 of 1934.

The Hon'ble the Political Resident in the Persian Gulf presents his compliments to

The Hon'ble Mr. H. A. J. Metcalfe,
C.S.I., C.I.E., M.V.O.,
Foreign Secretary to the Government
of India,

New Delhi.

and has the honour to transmit to him a copy of the undermentioned document (S).

Office of the Political Resident
in the Persian Gulf,
Camp, BAHRAIN.

~~British Consulate General~~
~~BUSHIRE~~

Dated... 26th March 1934...

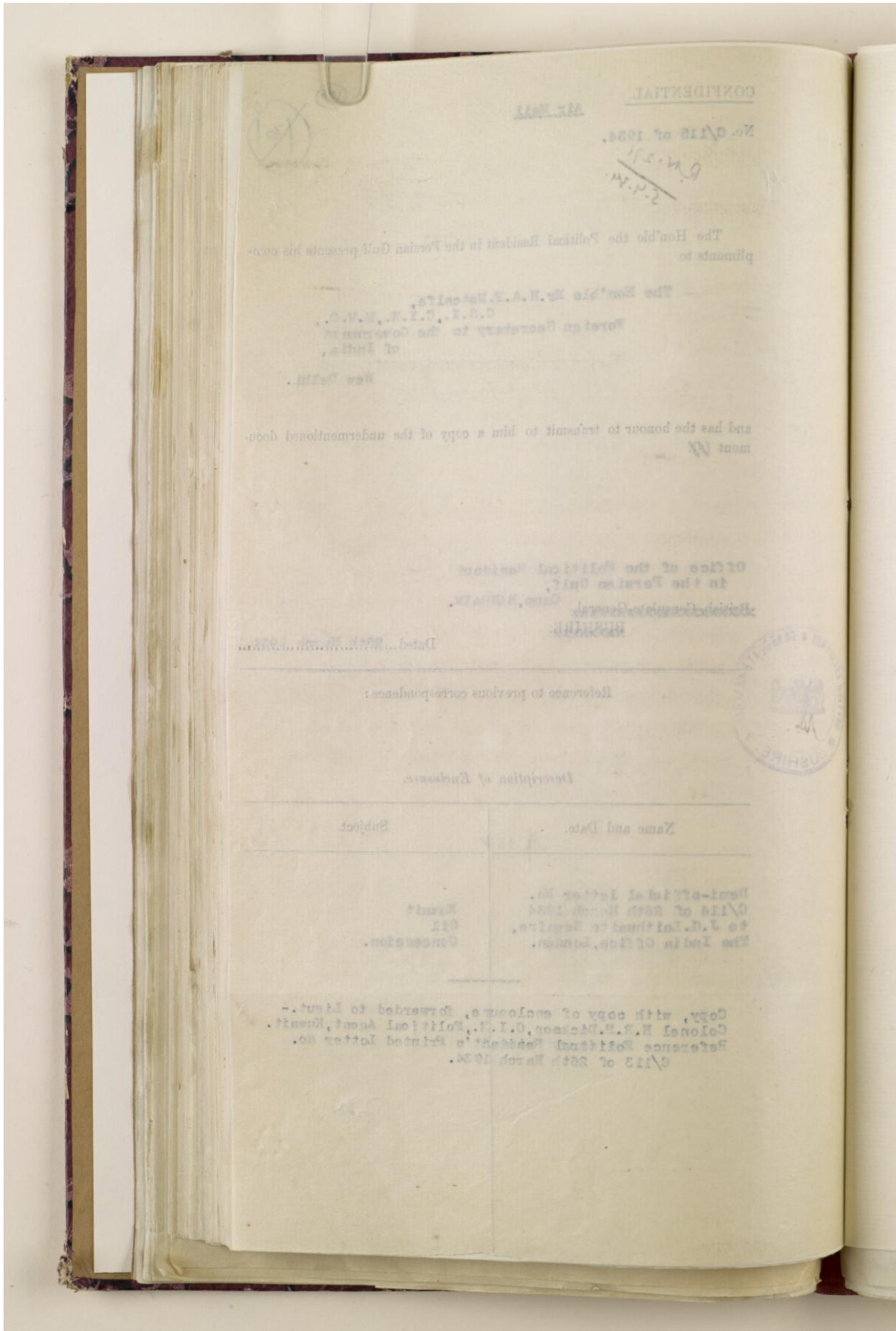
Reference to previous correspondence:

Description of Enclosure.

Name and Date.	Subject.
Demi-official letter No. C/114 of 26th March 1934 to J.G. Laithwaite Esquire, The India Office, London.	Kuwait Oil Concession.

Copy, with copy of enclosure, forwarded to Lieut.-
Colonel H.R.P. Dickson, C.I.E., Political Agent, Kuwait.
Reference Political Resident's Printed Letter No.
C/113 of 26th March 1934.

File





Air Mail.

CONFIDENTIAL.

D.O.No.C/114 of 1934.

Office of the Political Resident
in the Persian Gulf,
Camp, BAHRAIN.

26th March 1934.

Please see Foreign Office letter No.

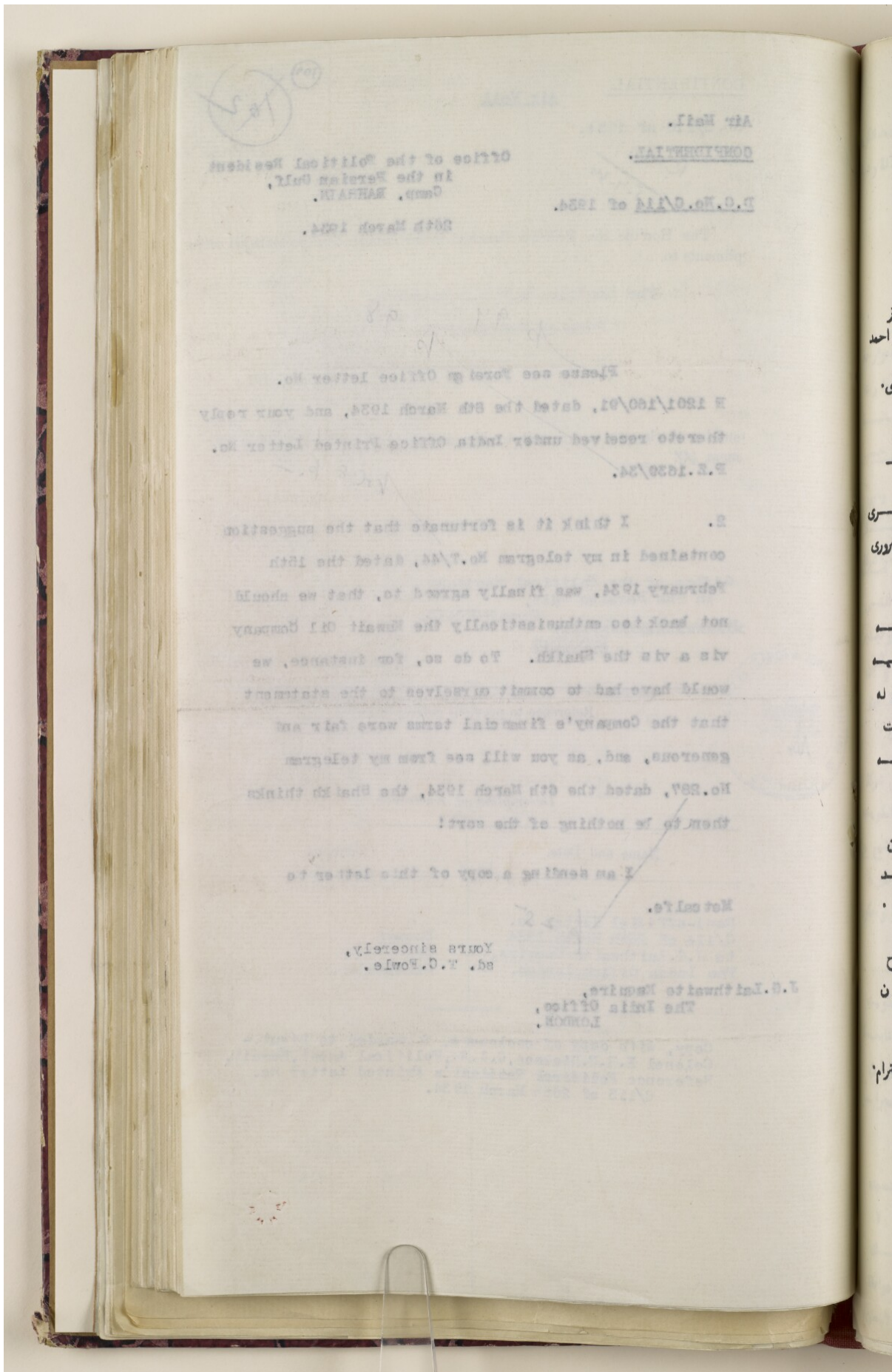
H 1201/160/91, dated the 8th March 1934, and your reply
thereto received under India Office Printed Letter No.
P.Z.1639/34.

2. I think it is fortunate that the suggestion
contained in my telegram No.T/44, dated the 15th
February 1934, was finally agreed to, that we should
not back too enthusiastically the Kuwait Oil Company
vis a vis the Shaikh. To do so, for instance, we
would have had to commit ourselves to the statement
that the Company's financial terms were fair and
generous, and, as you will see from my telegram
No.287, dated the 6th March 1934, the Shaikh thinks
them to be nothing of the sort!

I am sending a copy of this letter to
Metcalf.

Yours sincerely,
sd. T.C.Fowle.

J.G.Laithwaite Esquire,
The India Office,
LONDON.





(سري)

الوكالة السياسية

كويت

عدد سي/ ١١١

تاريخ ١٢ ذي الحجة ١٣٥٢

حضرة حميد الشيم المحب المميز
صاحب الصناديق الشيخ سراج
الجاه الصباح
ك.ي. سي. آي. - سي. اس. آي.
حاكم الكويت المحترم

بمد التحية وجزيل الاحترام -

بلاشارة الى كتليبي السري
عدد سي/ ٧٠ المؤرخ في ٢٢ فبراير
١٩٣٤ الى سعادتك

لي الشرف ان اقدم بطلب
نسخة من الاتفاقية السياسية
التي عقدتها حكومة صاحب الجلالة
حديثا مع رؤساء شركة نفط الكويت
في لندن مع ترجمتها العربية
وقد ترجمت في دائرتي

٢. ان سعادتك ستلاحظون
ان الاتفاقية المذكورة قد
امضت نهائيا في ٥ مارس ١٩٣٤

٣. ويسرني ان اوضح
شفويا جميع النقاط التي يحتمل ان
تكون غيرة واضحة لسعادتك

وتفضلوا بقبول فائق الاحترام

Confidential.

No.C-111.

Political Agency,

Kuwait.

The 28th March 1934.

12/3/34

To

His Excellency Shaikh Sir Ahmad al-
Jabir as-Sabah, K.C.I.E., C.S.I.,

Ruler of Kuwait.

After compliments,

Reference my confidential
letter No.C-70 dated the 22nd February
1934 to Your Excellency.

I have the honour to forward
herewith, a copy, together with Arabic
translation made in my office, of the
Political Agreement which His Majesty's
Government recently concluded with the
Kuwait Oil Company's representatives in
London.

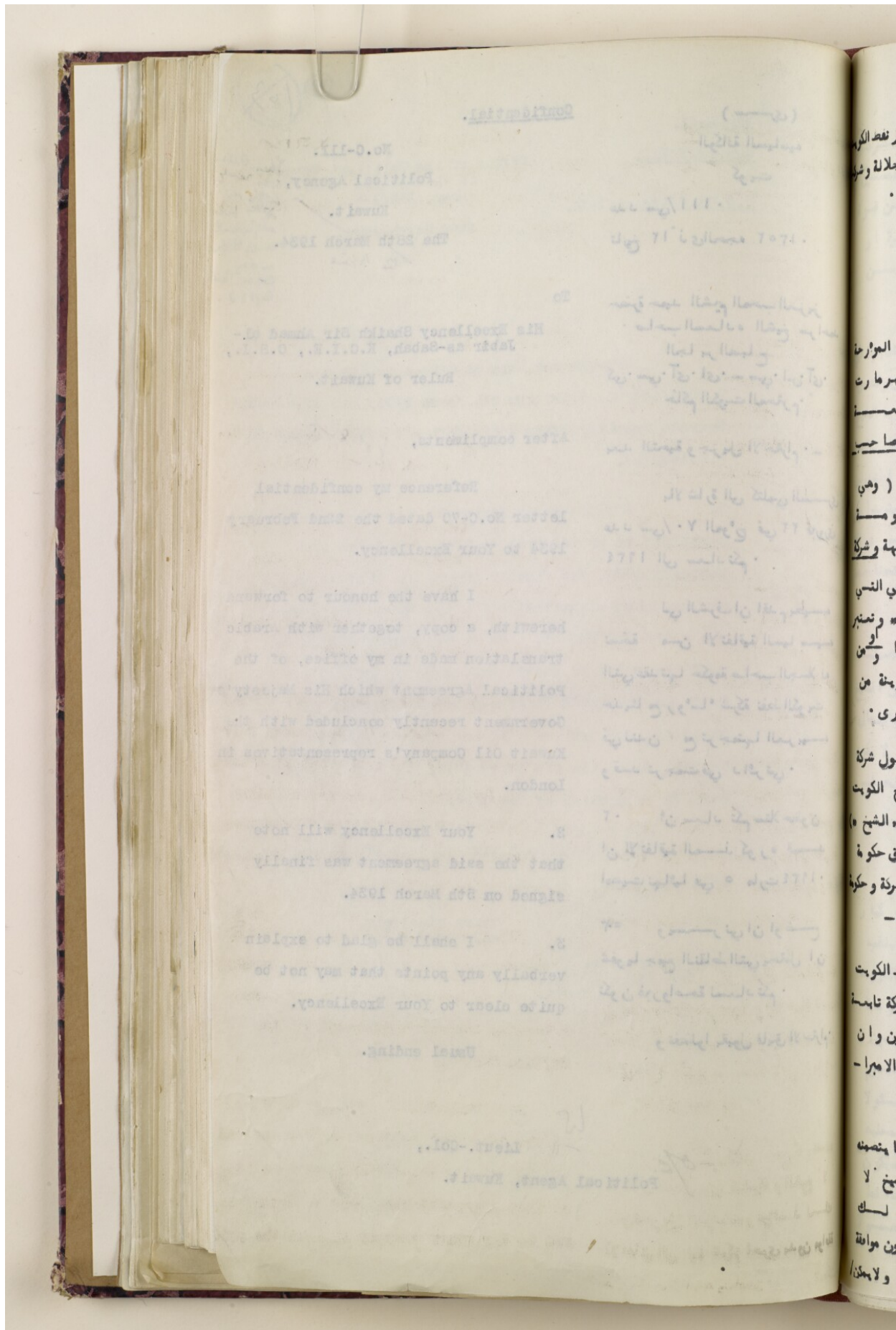
2. Your Excellency will note
that the said agreement was finally
signed on 5th March 1934.

3. I shall be glad to explain
verbally any points that may not be
quite clear to Your Excellency.

Usual ending.

Lieut.-Col.,

Political Agent, Kuwait.





اتفاقية مخصصة بامتياز نفط الكويت
مقودة بين حكومة صاحب الجلالة وشركة
نفط الكويت المحدودة .

ان هذه الاتفاقية الموقعة
في اليوم الخامس من شهر مارس
سنة الالف والتسعمائة والاربعين
والثلاثين عقدت بين حكومة صاحب
الجلالة في المملكة المتحدة (وهي
التي تدعى فيما يلي « حكومة
صاحب الجلالة ») من جهة وشركة
نفط الكويت المحدودة (وهي التي
تدعى فيما يلي « الشركة ») وتعتبر
هذه اللفظة شاملة لخلفائها ومن
يتسلم عنها اذا قامت بذلك قرينة من
سياق الكلام) من الجهة الاخرى .

بما انه في حالة حصول شركة
نفط الكويت على امتياز من شيخ الكويت
(وهو الذي يدعى فيما يلي « الشيخ »)
ستنق بعض المسؤوليات على عاتق حكومة
صاحب الجلالة فقد اتفقت الشركة وحكومة
صاحب الجلالة على ما يأتي :-

١ - ان شركة نفط الكويت
واحدة شركة تتسلم عنها واحدة شركة تابعة
محتمل تأسسها يجب ان تكون وان
تبقى شركة انكليزية مسجلة في الامبراطورية
طرومة البريطانية .

٢ - انه رغم جميع ما يتضمنه
الاتفاق الذي بين الشركة والشيخ لا
يمكن تحويل التزامات وموائد ذلك
الاتفاق الى اية شركة اخرى بدون موافقة
من حكومة صاحب الجلالة ، ولا يمكن

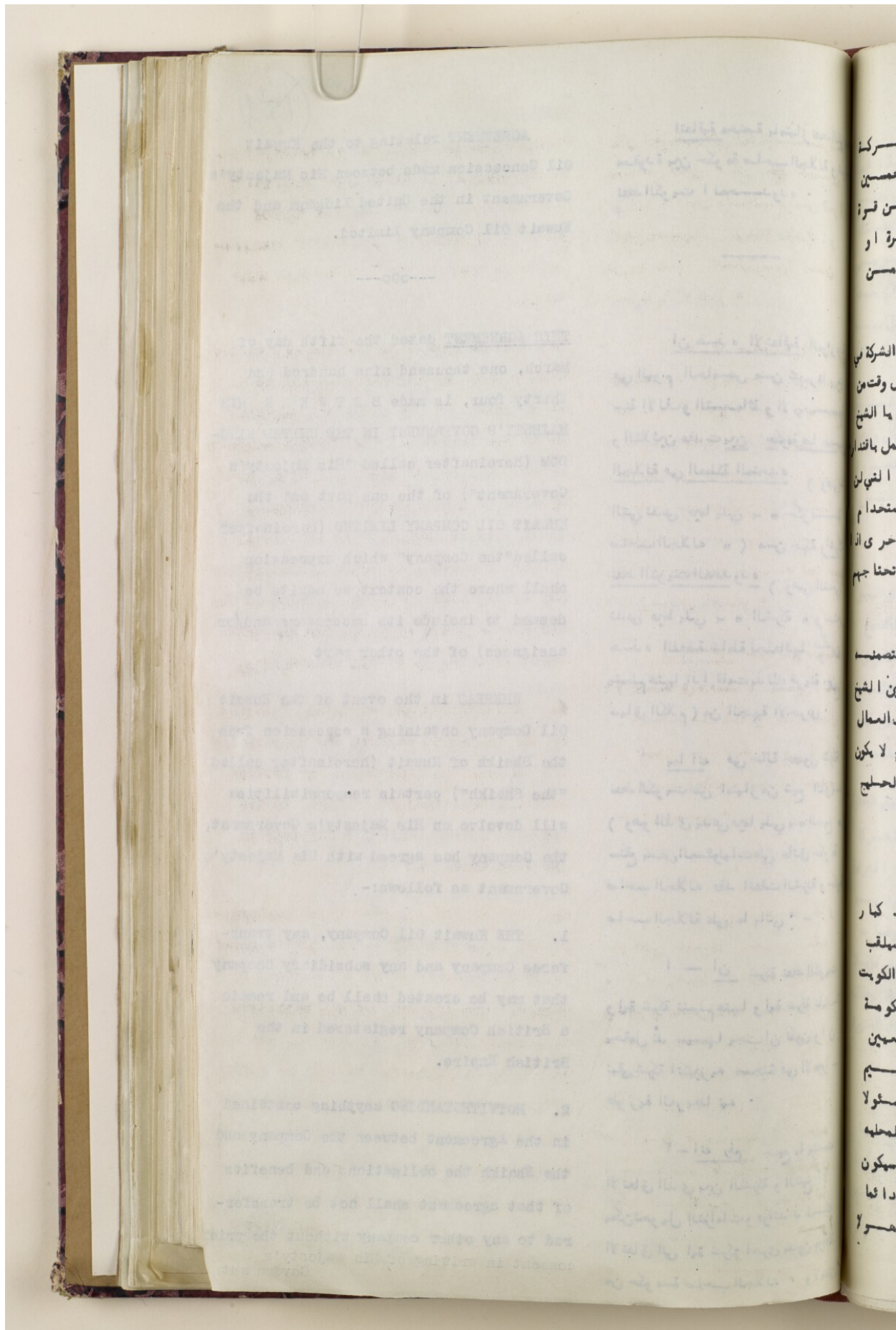
AGREEMENT relating to the Kuwait
Oil Concession made between His Majesty's
Government in the United Kingdom and the
Kuwait Oil Company Limited.

---o0o---

THIS AGREEMENT dated the fifth day of
March, one thousand nine hundred and
thirty four, is made B E T W E E N HIS
MAJESTY'S GOVERNMENT IN THE UNITED KING-
DOM (hereinafter called "His Majesty's
Government") of the one part and the
KUWAIT OIL COMPANY LIMITED (hereinafter
called "the Company" which expression
shall where the context so admits be
deemed to include its successors and/or
assignees) of the other part

WHEREAS in the event of the Kuwait
Oil Company obtaining a concession from
the Shaikh of Kuwait (hereinafter called
"the Shaikh") certain responsibilities
will devolve on His Majesty's Government,
the Company has agreed with His Majesty's
Government as follows:-

1. THE Kuwait Oil Company, any trans-
feree Company and any subsidiary Company
that may be created shall be and remain
a British Company registered in the
British Empire.
2. NOTWITHSTANDING anything contained
in the Agreement between the Company and
the Shaikh the obligations and benefits
of that agreement shall not be transfer-
red to any other company without the prior
consent in writing of His Majesty's
Government/





- 2 -

(112) 165

يمكن تحويلها الى امة شـركة
مسيطر على اكثر من خمسين
في المائة من رأسمالها ومن ثم
التصويت فيها ، سيطرة مباشرة او
غير مباشرة ، اشخاص ليسوا من
الرعايا الانكليز .

Government, and shall not be transferred
to any company in which more than fifty
per centum of the capital and voting
power is directly or indirectly control-
led by persons other than British sub-
jects.

٣ - ان مستخدمى الشركة في
الكويت يجب ان يكونوا في كل وقت من
الرعايا الانكليز او من رعايا الشـيح
ما دام ذلك يتفق وادارة العمل باقتدار
وموافقة حكومة صاحب الجلالة التي لن
تمنع بدون سبب مقبول يمكن استحداث
اشخاص من جنسيات اخرى اذا
رأت الشركة انها تحتاجهم
لادارة العمل باقتدار .

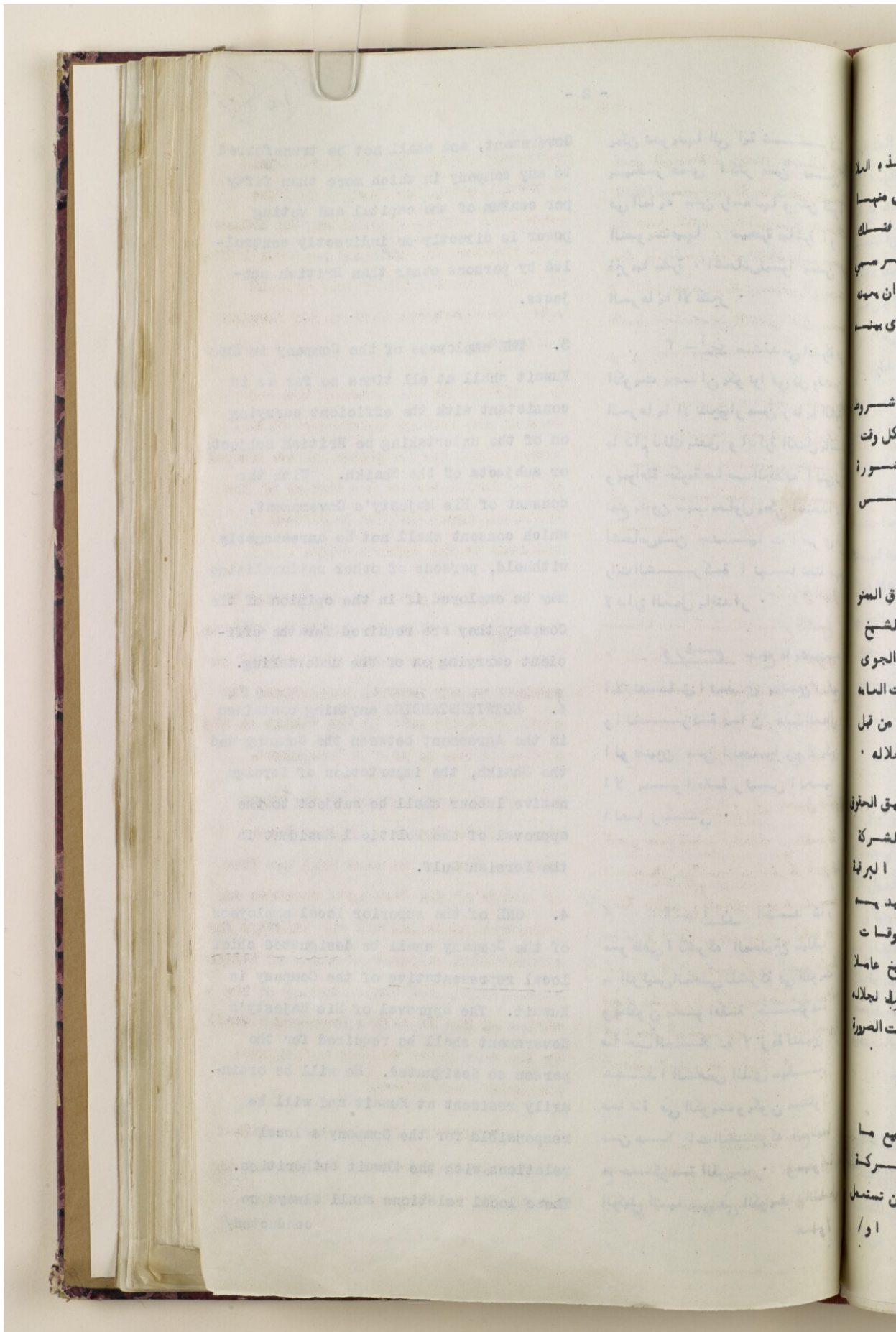
3. THE employees of the Company in Kuwa
Kuwait shall at all times so far as is
consistent with the efficient carrying
on of the undertaking be British subjects
or subjects of the Shaikh. With the
consent of His Majesty's Government,
which consent shall not be unreasonably
withheld, persons of other nationalities
may be employed if in the opinion of the
Company they are required for the effi-
cient carrying on of the undertaking.

ورغم جميع ما يتضمنه
الاتفاق الذي بين الشـيح
والشركة فان جلب العمال
الوطنيين من الخارج لا يكون
الا بموافقة رئيس الخليج
العامرسي .

4. NOTWITHSTANDING anything contained
in the Agreement between the Company and
the Shaikh, the importation of foreign
native labour shall be subject to the
approval of the Political Resident in
the Persian Gulf.

٤ - ان احد كبار
موظفي الشركة المحليين سيقب
- الرئيس المحلي للشركة في الكويت
وستكون موافقة حكومة
صاحب الجلالة لازمة لتعيين
هذا الشخص الذي سيقب
عادة في الكويت ويكون مسئولا
عن علاقات الشركة المحلية
مع حكومة الكويت . ويمكن
الوكيل السماسي في الكويت دائما
مسؤولا

4. ONE of the superior local employees
of the Company shall be designated chief
local representative of the Company in
Kuwait. The approval of His Majesty's
Government shall be required for the
person so designated. He will be ordin-
arily resident at Kuwait and will be
responsible for the Company's local
relations with the Kuwait authorities.
These local relations shall always be
conducted/





- 3 -

هو الوساطة في اتصال هذه البلا
قات المحسلة الا ما يختص منها
بالاشغال التجارية الوصفية فذلك
يمكن مباحثتها مع النائب الرسمي
(اذا وجد) الذي يحتمل ان يبين
الشيخ تحت نصوص الاتفاق الذي يبين
وبين الشركة .

٥ - انه مع اعتبار شروط
الامتياز تمنح الشركة في كل وقت
ان تحترم رغبات الشيخ ومشورة
الوكيل السياسي ورئيس
السلطة .

٦ - ان الحقوق الممنوحة
حقاً للشركة باتفاقها مع الشيخ
لا تشمل وسائل النقل الجوي
ستكون خاصة لجميع المنظمات العامة
للطائرات المدونة في الموضوع من قبل
الشيخ بإشارة حكومة صاحب الجلالة .

٧ - انه في تطبيق القانون
الممنوحة للشيخ باتفاقه مع الشركة
لا تشمل ممتلكات الشركة البرية
والا سلكه والسكك الحديدية
مما لا غرض حكومي في اوقات
الضرورة الوطنية يكون الشيخ عاملاً
تحت مشورة حكومة صاحب الجلالة
هو الحكم الوحيد فيما اذا كانت الضرورة
الوطنية قد وقعت ام لا .

٨ - رغم جميع ما
ينص عليه الاتفاق الذي بين الشركة
والشيخ لا يحق للشركة ان تستعمل
الواحد /

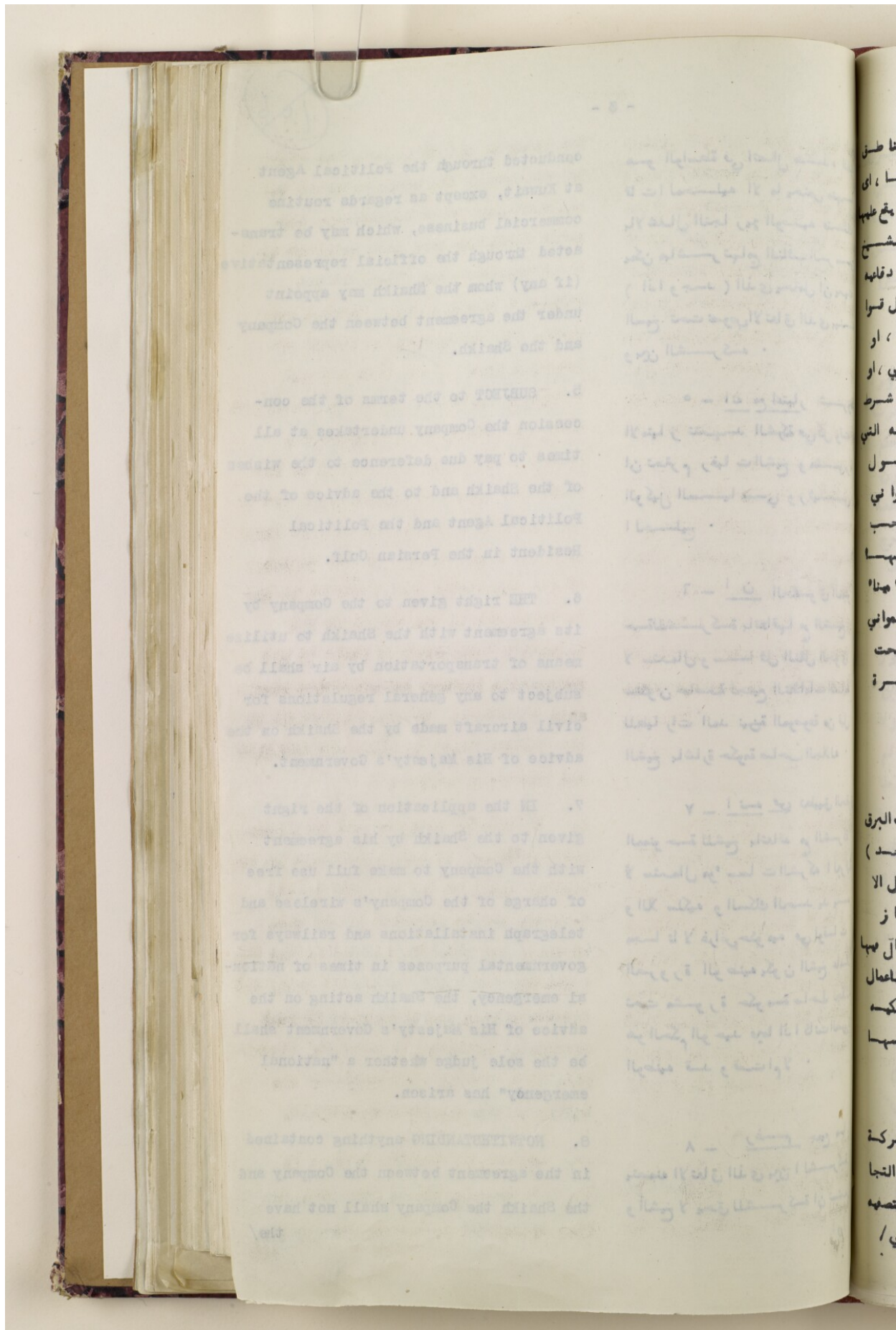
conducted through the Political Agent
at Kuwait, except as regards routine
commercial business, which may be trans-
acted through the official representative
(if any) whom the Shaikh may appoint
under the agreement between the Company
and the Shaikh.

5. SUBJECT to the terms of the con-
cession the Company undertakes at all
times to pay due deference to the wishes
of the Shaikh and to the advice of the
Political Agent and the Political
Resident in the Persian Gulf.

6. THE right given to the Company by
its agreement with the Shaikh to utilize
means of transportation by air shall be
subject to any general regulations for
civil aircraft made by the Shaikh on the
advice of His Majesty's Government.

7. IN the application of the right
given to the Shaikh by his agreement
with the Company to make full use free
of charge of the Company's wireless and
telegraph installations and railways for
governmental purposes in times of nation-
al emergency, the Shaikh acting on the
advice of His Majesty's Government shall
be the sole judge whether a "national
emergency" has arisen.

8. NOTWITHSTANDING anything contained
in the agreement between the Company and
the Shaikh the Company shall not have
the /





- 4 -

او تحتل ، ولا ان تشمل في المناط
المختارة لمقاصد متعلقة باعمالها ، اي
موقع من المواقع التي قد يقع عليها
الاختيار من قبل او نهاية عن الشيخ
او حكومة صاحب الجلالة لمقاصد دفاعية
او لاجل محطات جوية ، او لاجل قوار
عد للطائرات البحرية او البحرية ، او
لاجل موانئ سيات للبرق واللاسلكي ، او
فيما يتعلق بإنشاء الموانئ ، على شرط
انه بموافقة حكومة صاحب الجلالة التي
لن تمنع بدون سبب مقبول
يكون للشركة حق استعمال الموانئ
التي تنشئها الشيخ او حكومة صاحب
الجلالة لمقاصد متعلقة باعمالها
اذا لم يوجد محل لا يتلاءم لإنشاء منها
في جهة اخرى . والموانئ
التي تنشئها الشركة تكون تحت
سيطرتها الكاملة و منحصره
فيها .

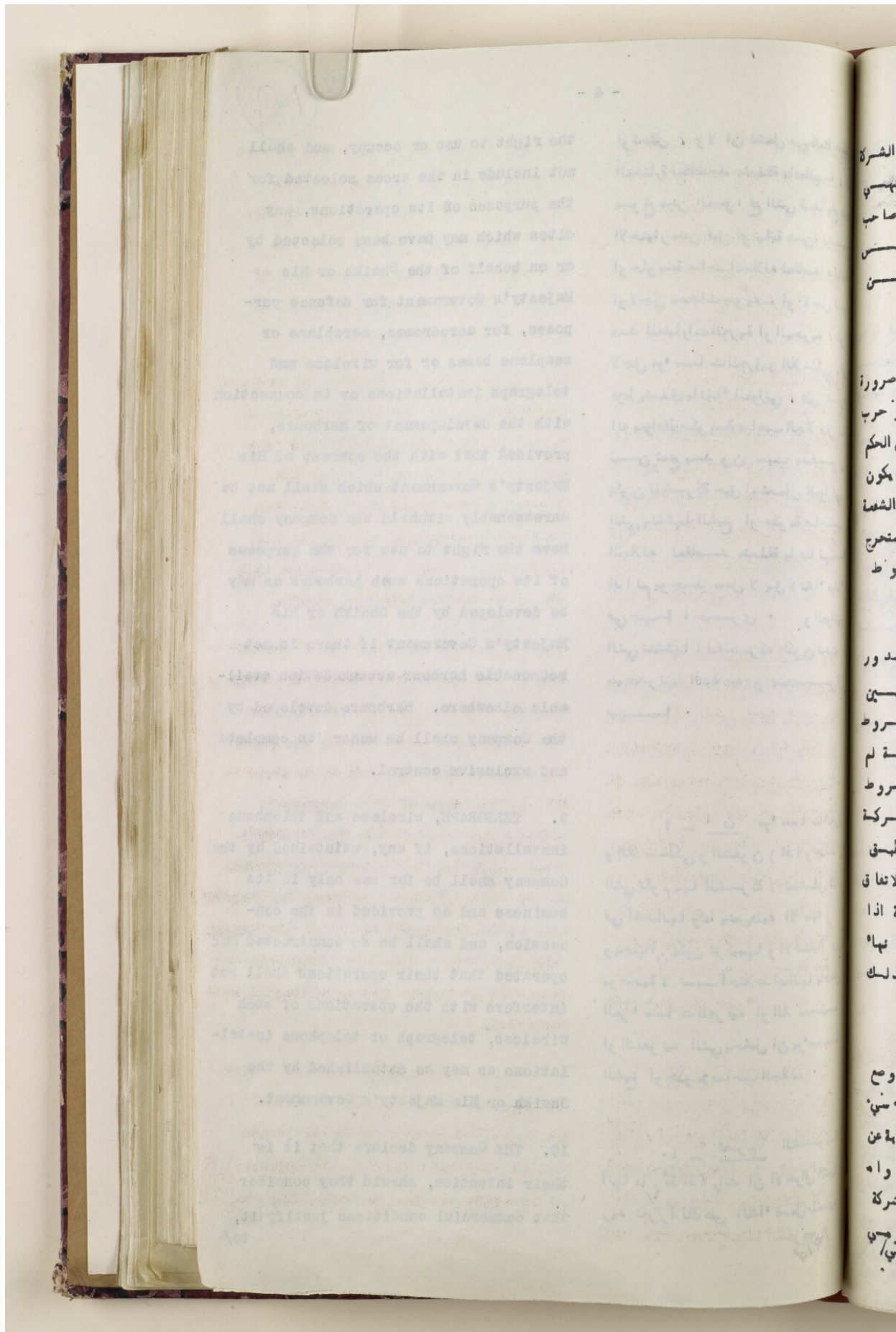
٩ - ان موانئ سيات البرق
واللاسلكي والظفون (اذا وجد)
التي تقوم بها الشركة لا تستعمل الا
في اغراضها وكما ينص عليه الامتياز
ويجب ان يكون تركيبتها والاشغال فيها
بوصية لا تسبب احتلاط اعمالها باعمال
الموانئ سيات البرق او اللاسلكية
او الظفون التي تحتل ان موانئ سيات
الشيخ او حكومة صاحب الجلالة .

١٠ - تصرح الشركة
انها عازمة اذا رأت ان الاحوال التجا
رمة تبرر ذلك على إنشاء محل للتصه
في /

the right to use or occupy, and shall
not include in the areas selected for
the purposes of its operations, any
sites which may have been selected by
or on behalf of the Shaikh or His
Majesty's Government for defence pur-
poses, for aerodromes, aeroplane or
seaplane bases or for wireless and
telegraph installations or in connection
with the developement of harbours,
provided that with the consent of His
Majesty's Government which shall not be
unreasonably withheld the Company shall
have the right to use for the purposes
of its operations such harbours as may
be developed by the Shaikh or His
Majesty's Government if there is not
reasonable harbour accommodation avail-
able elsewhere. Harbours developed by
the Company shall be under its complete
and exclusive control.

9. TELEGRAPH, wireless and telephone
installations, if any, maintained by the
Company shall be for use only in its
business and as provided in the con-
cession, and shall be so constructed and
operated that their operations shall not
interfere with the operations of such
wireless, telegraph or telephone instal-
lations as may be established by the
Shaikh or His Majesty's Government.

10. THE Company declare that it is
their intention, should they consider
that commercial conditions justify it,
to/





- 5 -

في الكويت . فاذا اقتضت الشركة
ان الانتاج التجاري مضمون مهي
نوافق على ان تفحص مع ختومة صاحب
الجلاله مسئله تا سمس
ممثل تصفة في الكويت مسن
نورغ وانتاع متناسبين .

١١ - في حالة ضرورة
وطنه (امبراطوريه) او حرب
(وحكومة صاحب الجلالة هي الحكم
الوحيد في وجود اي منهما) يكون
لحكومة صاحب الجلالة حق الشفاعة
في شسرا * جمع الزيت المنعرج
في الكويت بموجب شروط
البان الملحق .

١٢ - في حالة صدور
اعلام بانها الاتفاق الذي بين
الشركة والشيخ تحت شروط
ذلك الاتفاق بحجة ان الشركة لم
تلا حظ اي شرط كان من شروط
هذا الاتفاق الذي بين الشركة
وحكومة صاحب الجلالة ، تطبق
شروط التحكيم الواردة في الاتفاق
المذكور بين الشيخ والشركة اذا
اعتبرت الشركة ان اعلام الانها
يمثل هذه الحجة تحت ذلك
الاتفاق على غير حق .

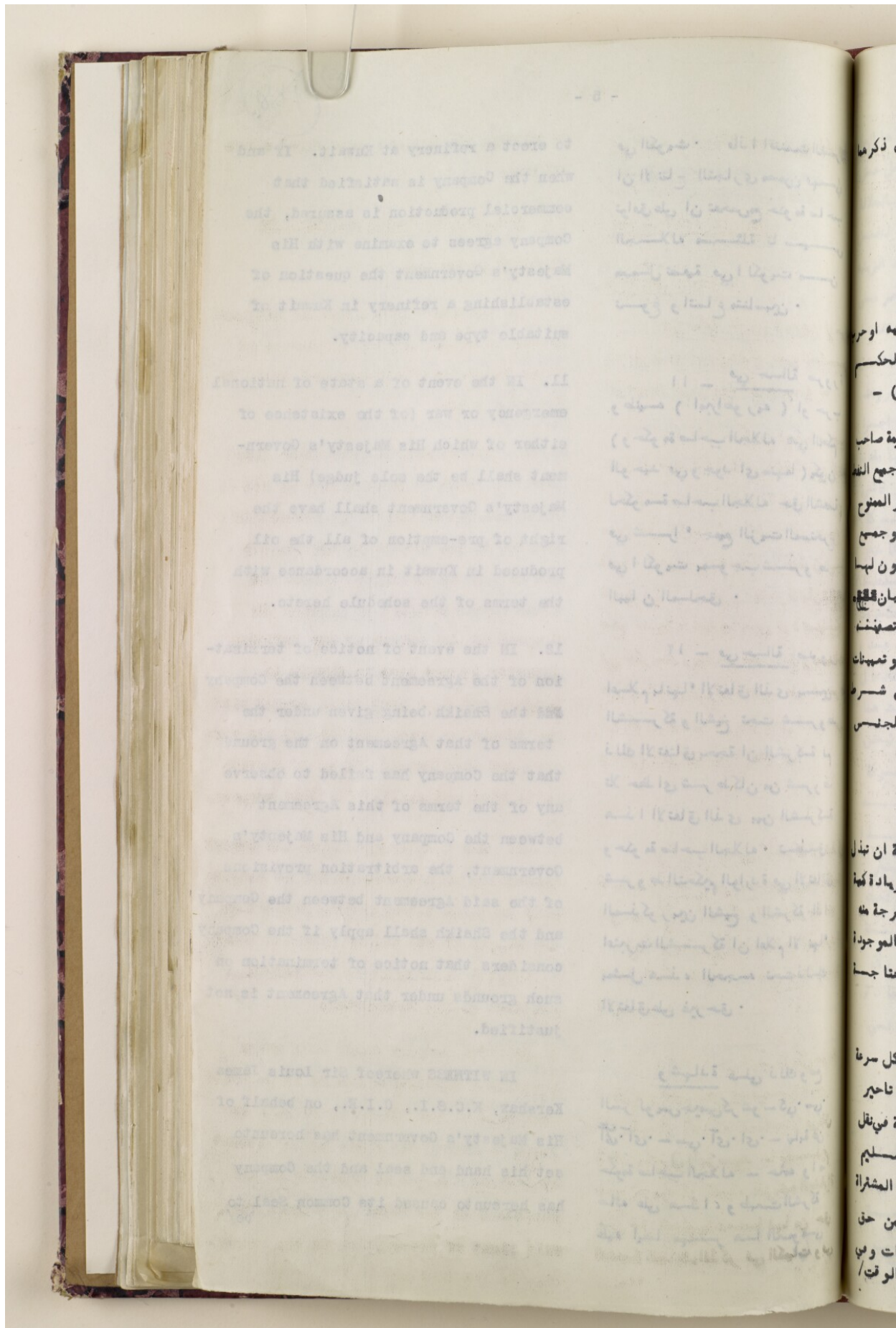
وشهادة على ذلك ومع
السر لومس جيمس كرشو - كي . سي .
آي . آي . - سي . آي . آي . - نهاية عن
حكومة صاحب الجلالة - حتمه وا
صاته على هذا ، وطبعت الشركة
عليه ايضا مهرها المعمومي
في

to erect a refinery at Kuwait. If and
when the Company is satisfied that
commercial production is assured, the
Company agrees to examine with His
Majesty's Government the question of
establishing a refinery in Kuwait of
suitable type and capacity.

11. IN the event of a state of national
emergency or war (of the existence of
either of which His Majesty's Govern-
ment shall be the sole judge) His
Majesty's Government shall have the
right of pre-emption of all the oil
produced in Kuwait in accordance with
the terms of the schedule hereto.

12. IN the event of notice of terminat-
ion of the Agreement between the Company
and the Shaikh being given under the
terms of that Agreement on the ground
that the Company has failed to observe
any of the terms of this Agreement
between the Company and His Majesty's
Government, the arbitration provisions
of the said Agreement between the Company
and the Shaikh shall apply if the Company
considers that notice of termination on
such grounds under that Agreement is not
justified.

IN WITNESS whereof Sir Louis James
Kershaw, K.C.S.I., C.I.E., on behalf of
His Majesty's Government has hereunto
set his hand and seal and the Company
has hereunto caused its Common Seal to
be/





- 6 -

في اليوم والسنة السابق ذكرهما
اعلاه .

المهان المشار اليه باعلاه

مادة حق الشفعة

في حالتي ضرورة وطنيه او حرب
(وحكومة صاحب الجلالة هي الحكم
الوحيد في وجود اي منهما) -

(١) سيكون لحكومة صاحب
الجلاله حق الشفعة في مشترى جميع النفط
الخام المستحصل تحت الامتياز الممنوح
من قبل الشيخ الى الشركة وجميع
المواد المستخرجة منه ، وسكون لها
الحق في ان تستلزم الشركة بان تنتج
نتيج لغاية ما عندها من قوة تصفيتها
في الكويت زمنا للوقيد يتفق وتبينات
ديوان البحرية وقت الطلب على شراء
ان يكون زيت الكويت من الجنس
والنوع الموافق لهذا الغرض .

(٢) على الشركة ان تبذل
غاية ما عندها من المصاعبي لزيادة كمية
الزيت ^{ال}المستخرجة من
لغاية ما هو ممكن مع التسهيلات الموجودة
لاجل الحكومة بمقدار ما هي محتاجة
اليه .

(٣) ان الشركة بكل سرعة
مقبولة وحتى يمكن تجنب اجرة تاخير
المركب او المراكب المستعمدة في نقل
ذلك ستبذل غاية جهدها لتسليم
جميع الزيت او المواد الزيتية المشتراة
من قبل الحكومة تحت ما لها من حق
الشفعة الصالح الذكر في الكميات وفي
الوقت

be affixed the day and year first above
written.

THE SCHEDULE above referred to

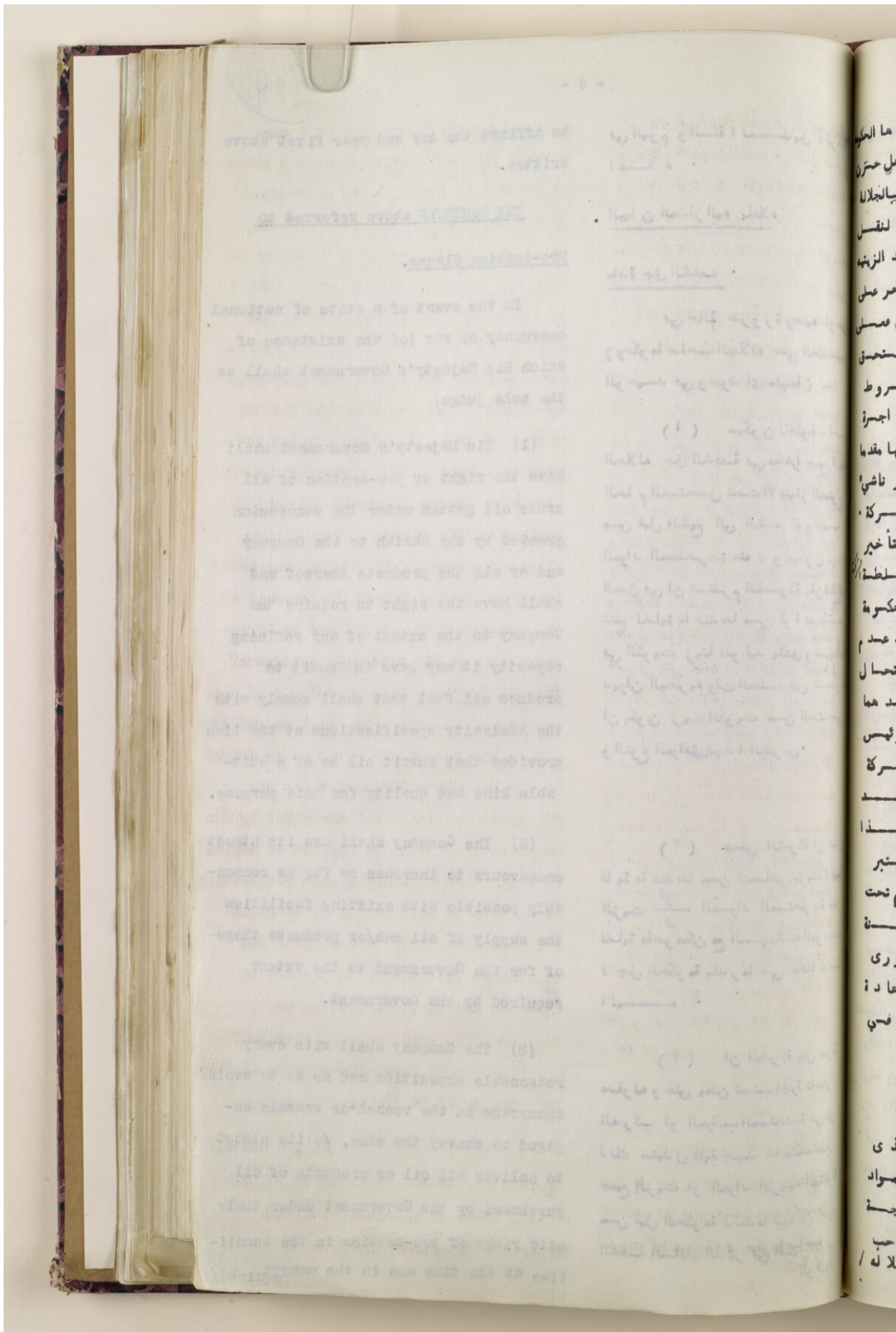
Pre-emption Clause.

In the event of a state of national
emergency or war (of the existence of
which His Majesty's Government shall be
the sole judge)

(1) His Majesty's Government shall
have the right of pre-emption of all
crude oil gotten under the concession
granted by the Shaikh to the Company
and of all the products thereof and
shall have the right to require the
Company to the extent of any refining
capacity it may have in Kuwait to
produce oil fuel that shall comply with
the Admiralty specifications at the time
provided that Kuwait oil be of a suit-
able kind and quality for this purpose.

(2) The Company shall use its utmost
endeavours to increase so far as reason-
ably possible with existing facilities
the supply of oil and/or products there-
of for the Government to the extent
required by the Government.

(3) The Company shall with every
reasonable expedition and so as to avoid
demurrage on the vessel or vessels en-
gaged to convey the same, do its utmost
to deliver all oil or products of oil
purchased by the Government under their
said right of pre-emption in the quanti-
ties at the time and in the ~~manner~~ required/





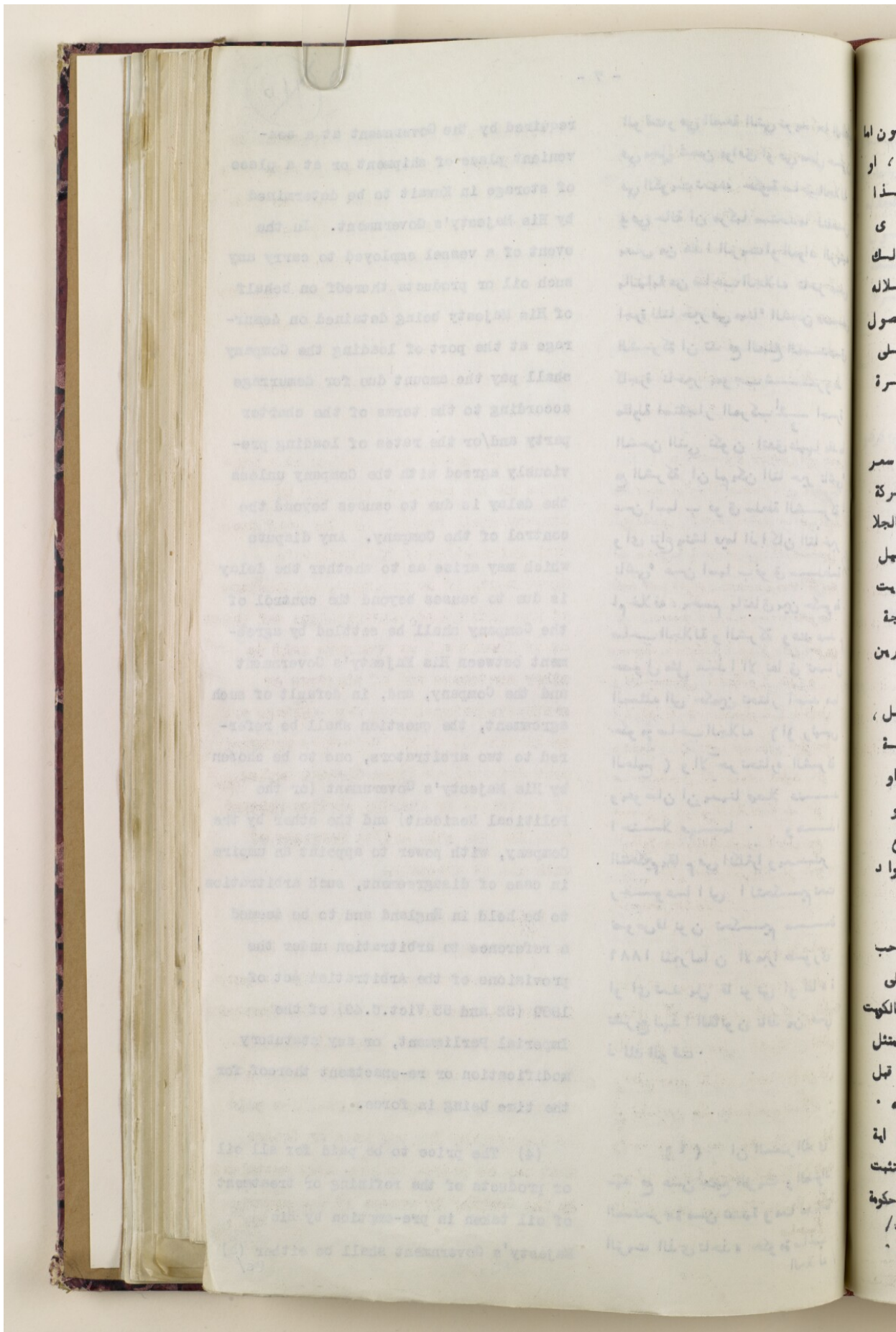
- 7 -

الوقت وفي الصفة التي تريد ما الحكيم
في محل شحن موافق او في محل حزن
في الكويت تسميه حكومة صاحب الجلالة
وفي حالة ان مركبا مستخدما لنفس
بعض من هذا الزيت او المواد الزيتية
بالنهاية عن صاحب الجلالة تاجر على
اجرة للنا حير في هذا الشحن فمحل
الشركة ان تدفع المبلغ المستحق
كاجرة تاجر بموجب شروط
مقابلة استئجار المركب لاجرة
الشحن التي تكون اتفق عليها مقدما
مع الشركة ان لم يكن النا حير ناشئ
عن اسباب فوق سلطة الشركة
واى نزاع ينشأ فيما اذا كان النا حير
ناشئ عن اسباب فوق سلطة
ام خلافه ، يحسم باتفاق بين حكومة
صاحب الجلالة والشركة وعند عدم
حصول مثل هذا الاتفاق تحال
المسئلة الى حكمين يختار احدهما
حكومة صاحب الجلالة (او رئيس
الخليج) والاخر تختاره الشركة
ومفوضان ان يمتنا فهلا عند
احتلالهما . وهذا
التحكيم مقام في انكلترا ومسنن
رجوعا الى التحكيم تحت
صوص قانون تحكيم سنة
١٨٨٩ للبرلمان الامبراطوري
او اي تعديل قانوني او اعادة
تشرع لهذا القانون نافذ من في
ذلك الوقت .

(٤) ان السمر الذي
سدد مع عن جميع الزيت والمواد
المستخرجة من تصفية ومما لجنة
الزيت الذي تاحذه حكومة صاحب
الجلاله

required by the Government at a con-
venient place of shipment or at a place
of storage in Kuwait to be determined
by His Majesty's Government. In the
event of a vessel employed to carry any
such oil or products thereof on behalf
of His Majesty being detained on demur-
rage at the port of loading the Company
shall pay the amount due for demurrage
according to the terms of the charter
party and/or the rates of loading pre-
viously agreed with the Company unless
the delay is due to causes beyond the
control of the Company. Any dispute
which may arise as to whether the delay
is due to causes beyond the control of
the Company shall be settled by agree-
ment between His Majesty's Government
and the Company, and, in default of such
agreement, the question shall be refer-
red to two arbitrators, one to be chosen
by His Majesty's Government (or the
Political Resident) and the other by the
Company, with power to appoint an umpire
in case of disagreement, such arbitration
to be held in England and to be deemed
a reference to arbitration under the
provisions of the Arbitration Act of
1889 (52 and 53 Viet.C.49) of the
Imperial Parliament, or any statutory
modification or re-enactment thereof for
the time being in force.

(4) The price to be paid for all oil
or products of the refining or treatment
of oil taken in pre-emption by His
Majesty's Government shall be either (a)





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الجلالة بحق الشفعة سيسكنون اما
(ا) كما يمين باتفاق منصل ، او
(ب) ان لم يحصل اتفاق من هذا
النوع ، سمرأ مناسباً للوقت الذي
حصل فيه التسليم كما يقرر ذلك
باتفاق بين حكومة صاحب الجلالة
والشركة او عند عدم حصول
مثل هذا الاتفاق بتحكيم على
النمط الذي تنص عليه الفقرة
المسالة .

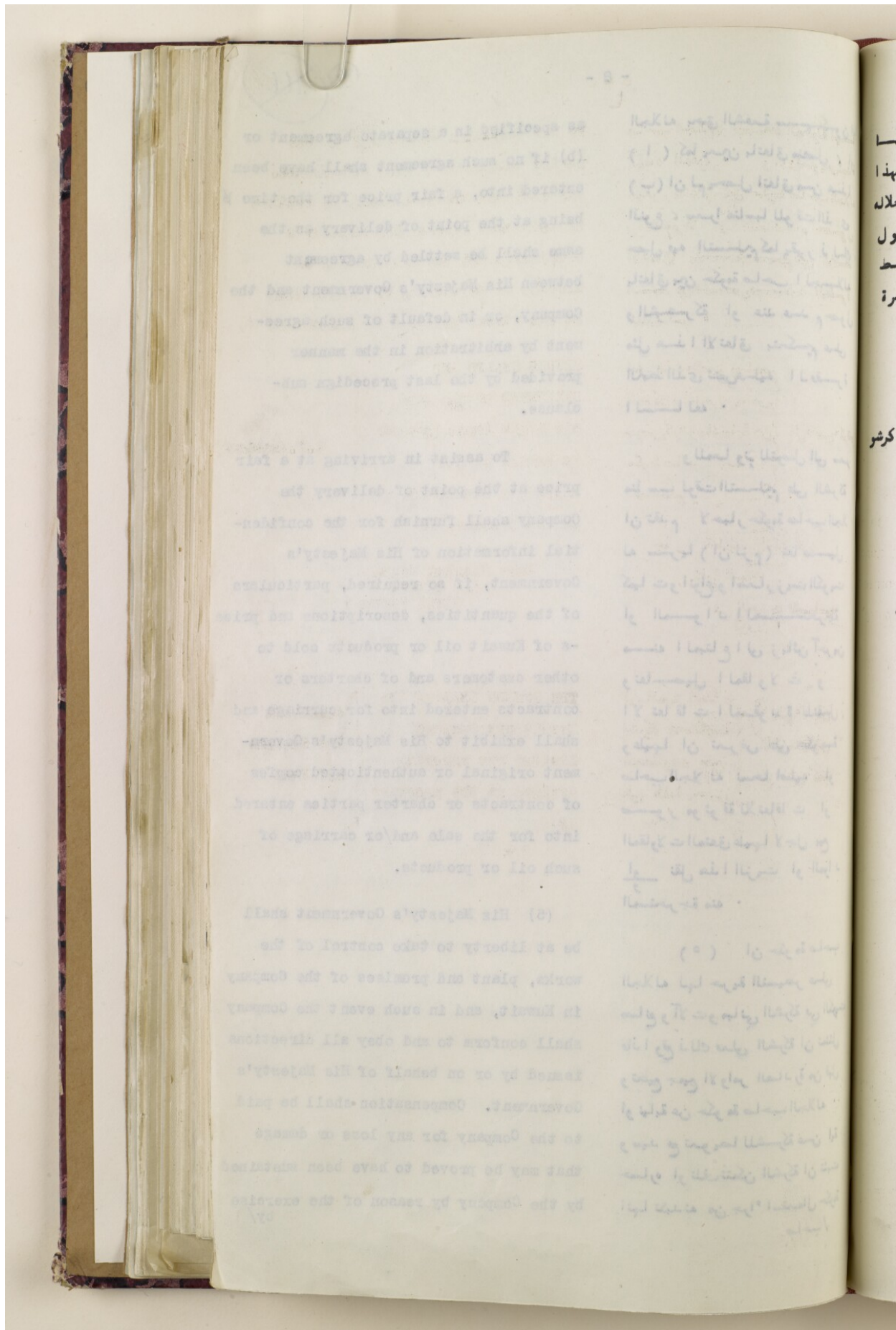
وللما ونز للتوصل الي سمر
مناسب لوقت التسليم على الشركة
ان تقدم لاحبار حكومة صاحب الجلا
له سمرأ (ان لزم) تفاصيل
كميات وانواع واسما رزمت الكويت
او الموراد المستخرجة
منه المتنازع الى زبائن آخرين
وتفاصيل المقاولات و
الاتفاقات المعقودة للنقل ،
وعليها ان تعرض على حكومة
صاحب الجلالة نسخا اصلية او
صور موثوقة للاتفاقات او
المقاولات المتفق عليها لاجل بيع
او نقل هذا الزيت او المواد
المستخرجة منه .

(٥) ان حكومة صاحب
الجلالة لها حرية التسيطر على
صانع وآلات ومباني الشركة في الكويت
فاذا وقع ذلك فعلى الشركة ان تمتثل
وتطيع جميع الاوامر الصادرة من قبل
او نهاية عن حكومة صاحب الجلالة .
وسيد مع تمويناً للشركة عن اية
حصاره او تلف تتمكن الشركة ان تثبت
انها تكبدته من جراء استعمال حكومة
صاحب /

as specified in a separate agreement or
(b) if no such agreement shall have been
entered into, a fair price for the time
being at the point of delivery as the
same shall be settled by agreement
between His Majesty's Government and the
Company, or in default of such agree-
ment by abbitration in the manner
provided by the last precedign sub-
clause.

To assist in arriving at a fair
price at the point of delivery the
Company shall furnish for the confiden-
tial information of His Majesty's
Government, if so required, particulars
of the quantities, descriptions and price
-s of Kuwait oil or products sold to
other customers and of charters or
contracts entered into for carriage and
shall exhibit to His Majesty's Govern-
ment original or authenticated copies
of contracts or charter parties entered
into for the sale and/or carriage of
such oil or products.

(5) His Majesty's Government shall
be at liberty to take control of the
works, plant and premises of the Company
in Kuwait, and in such event the Company
shall conform to and obey all directions
issued by or on behalf of His Majesty's
Government. Compensation shall be paid
to the Company for any loss or damage
that may be proved to have been sustained
by the Company by reason of the exercise
by/





- 9 -

119

112

صاحب الجلالة للسلطة المحولة لها
بهذه الفقرة . وای تمویض كهذا
سيقرر باتفاق بين حكومة صاحب الجلالة
والشركة او، عند عدم حصول
الاتفاق، بتحكيم علي النمط
الذي تنص عليه الفقرة
الثالثة .

امامها وحتمها وسلمها
التذكور السرلومس
جيمس كرشو بالنهاية عن
حكومة صاحب الجلالة
بحضور

جان تشارلس والقرن

وزارة الهند

في الخدمة السياسية

by His Majesty's Government of the
powers conferred by this sub-clause.
Any such compensation shall be settled
by agreement between His Majesty's
Government and the Company or, in
default of agreement, by arbitration
in the manner provided by sub-clause 3.

SIGNED SEALED AND
DELIVERED by the said
Sir Louis James Kershaw
on behalf of His
Majesty's Government
in the presence of

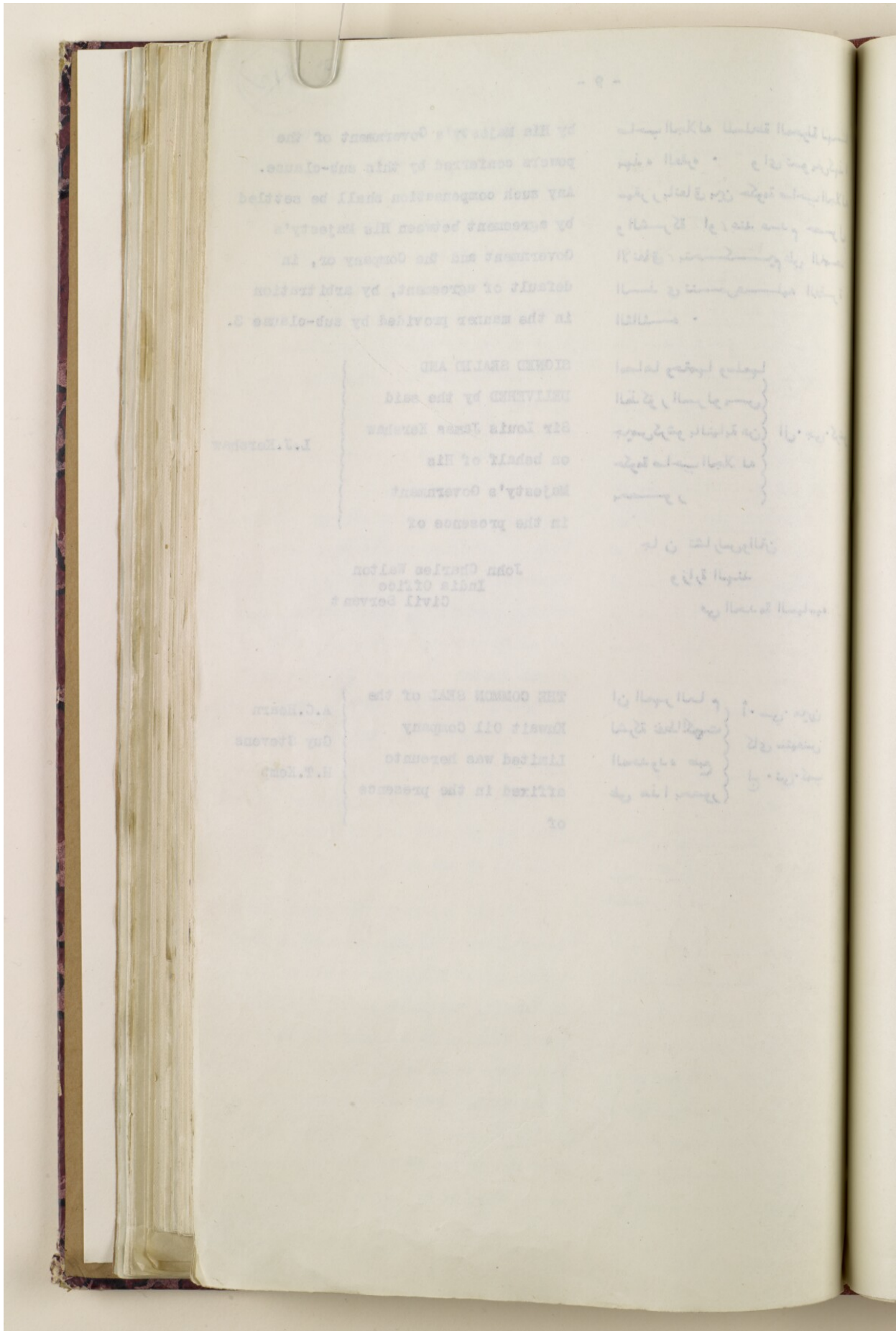
L.J.Kershaw

John Charles Walton
India Office
Civil Servant

ان المهر المام
لشركة نفط الكويت
المحدودة طبع
علي هذا بحضور
أ. سي. هيرن
كاى ستيفنس
اج. تي. كمب

THE COMMON SEAL of the
Kuwait Oil Company
Limited was hereunto
affixed in the presence
of

A.C.Hearn
Guy Stevens
H.T.Kemp





Telegram G.T.C- I.F.O.1927.

From Political, Kuwait.

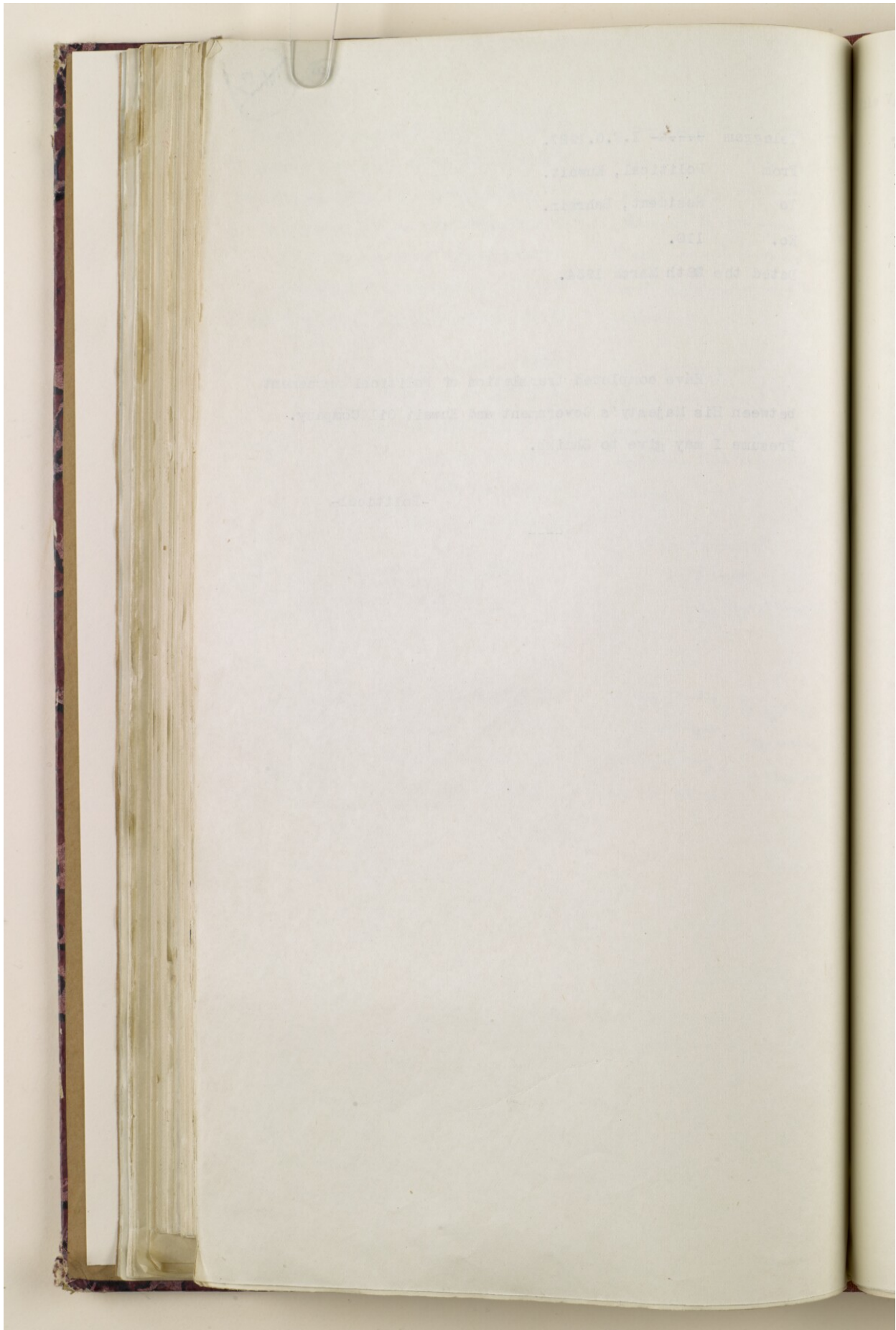
To Resident, Bahrain.

No. 110.

Dated the 28th March 1934.

Have completed translation of Political Agreement
between His Majesty's Government and Kuwait Oil Company.
Presume I may give to Shaikh.

-Political-





Telegram R.

From Political Agent, Kuwait.

To Resident, H.M.S. Fowey, Bushire Radio.

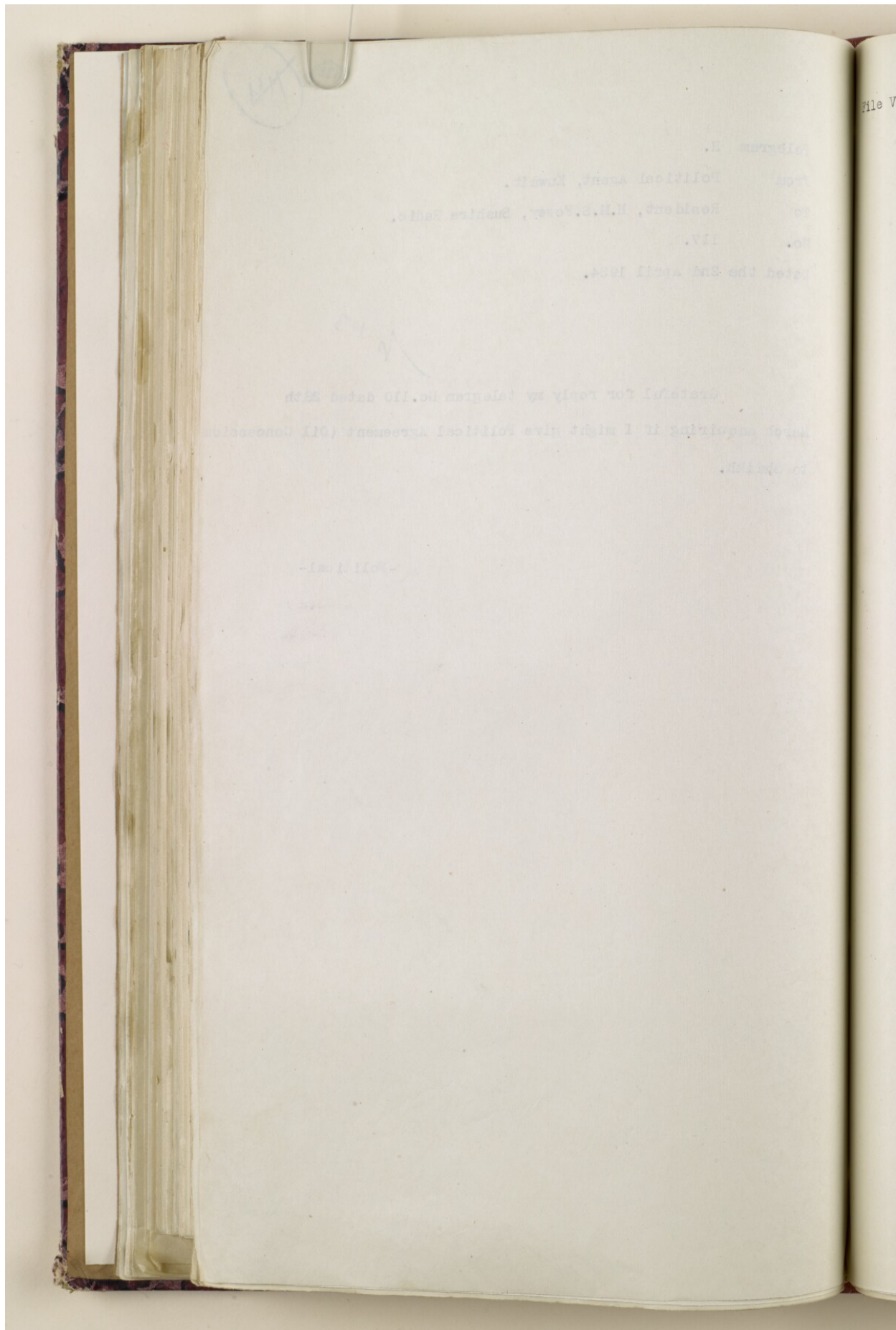
No. 117. Resident, H.M.S. Fowey, via Bushire Radio.

Dated the 2nd April 1934.

Grateful for reply my telegram No. 110 dated 28th

March enquiring if I might give Political Agreement (Oil Concession
to Shaikh.

-Political-





File V/1-

Telegram I.F.O.1930.

From Political Agent, Kuwait.

To Resident, H.M.S.Fowey, Via Bushire Radio.

No. 122.

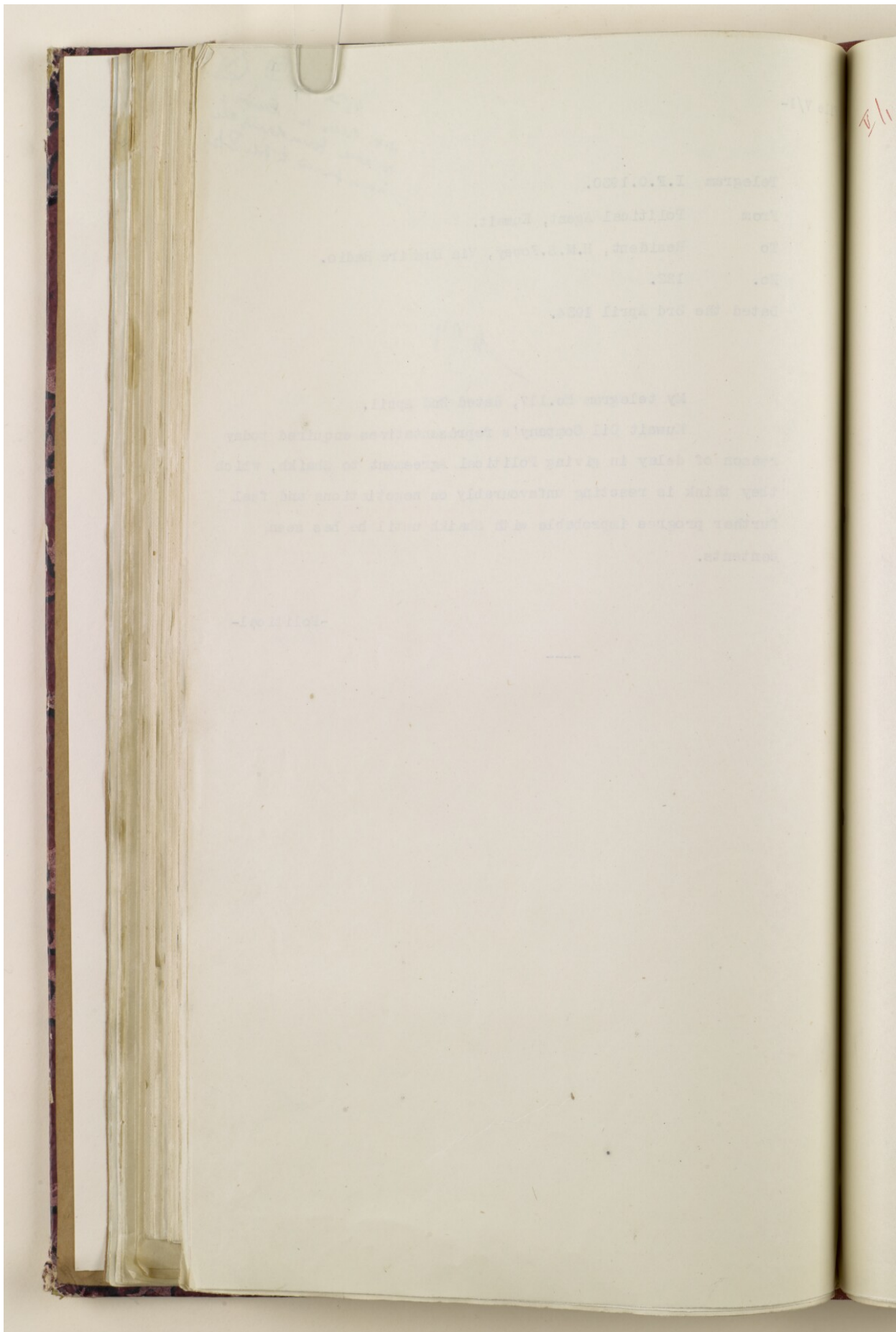
Dated the 3rd April 1934.

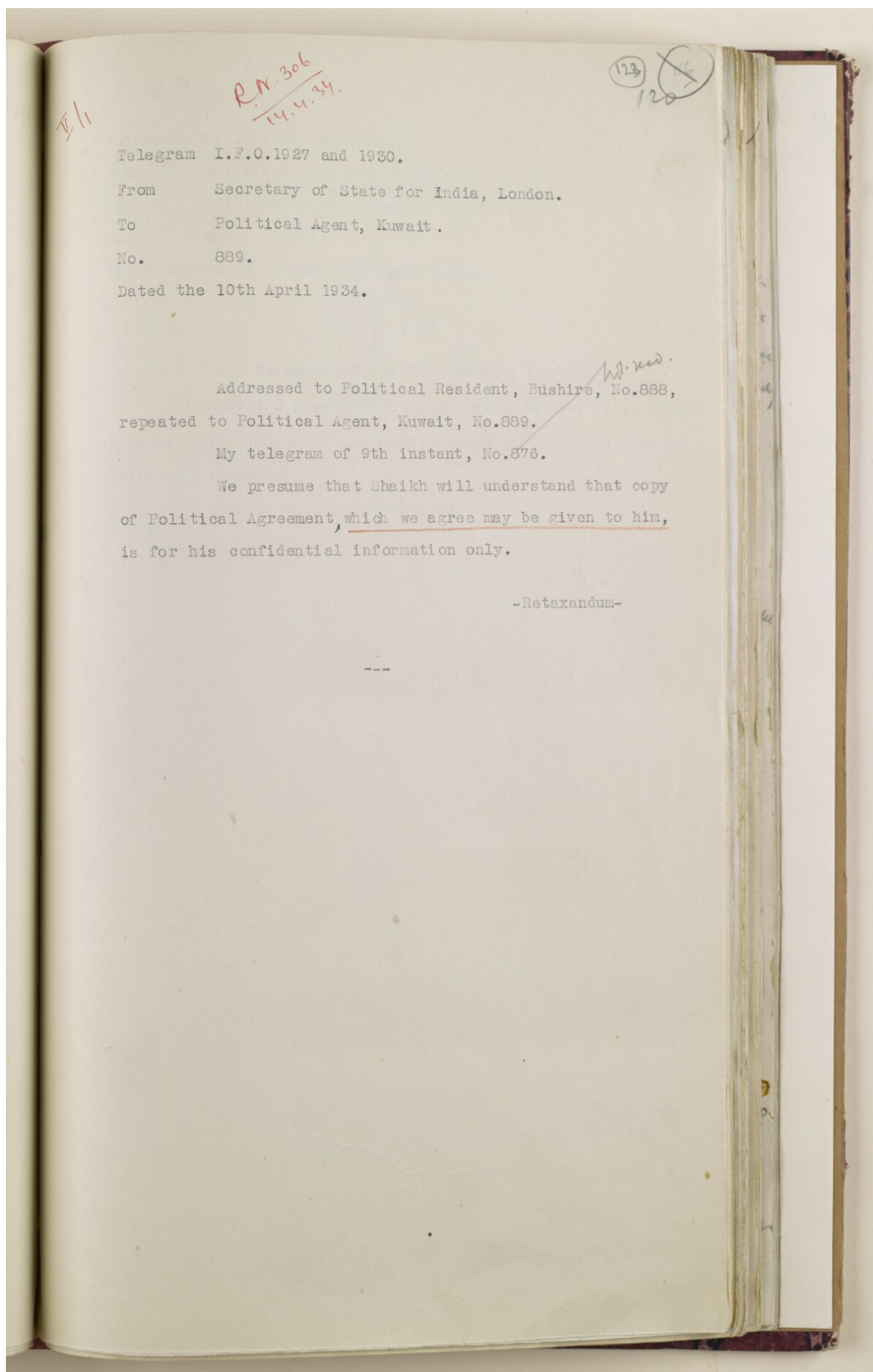
115-119
20. letter to Kuwait
N. zone boundaries etc
transferred to file V/2

My telegram No.117, dated 2nd April.

Kuwait Oil Company's representatives enquired today reason of delay in giving Political Agreement to Shaikh, which they think is reacting unfavourably on negotiations and feel further progree improbable with Shaikh until he has seen contents.

-Political-





Telegram I.F.O. 1927 and 1930.

From Secretary of State for India, London.

To Political Agent, Kuwait.

No. 889.

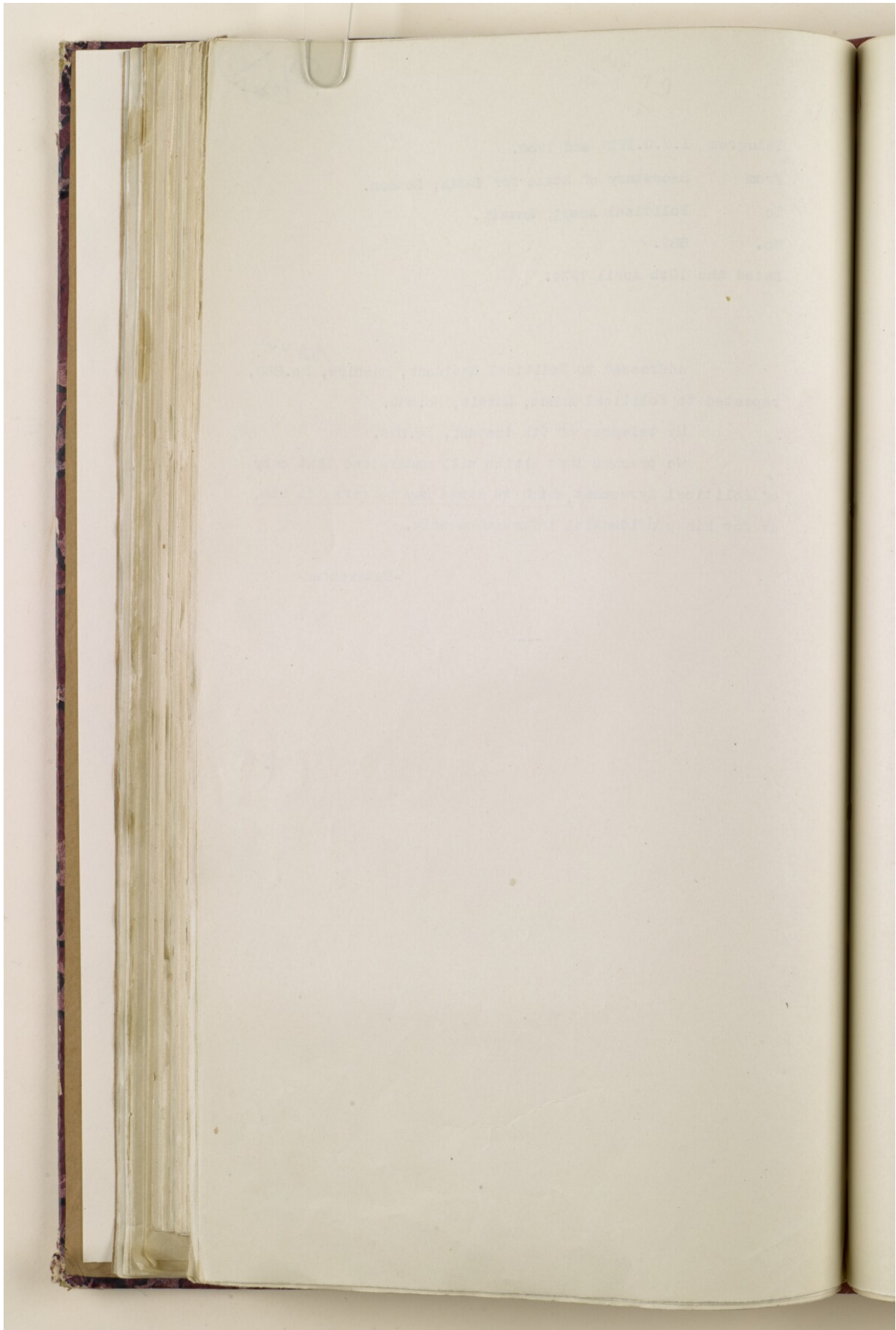
Dated the 10th April 1934.

Addressed to Political Resident, Bushire, No. 888,
repeated to Political Agent, Kuwait, No. 889.

My telegram of 9th instant, No. 876.

We presume that Shaikh will understand that copy
of Political Agreement, which we agree may be given to him,
is for his confidential information only.

-Retaxandum-





R.N. 207
14.4.34.

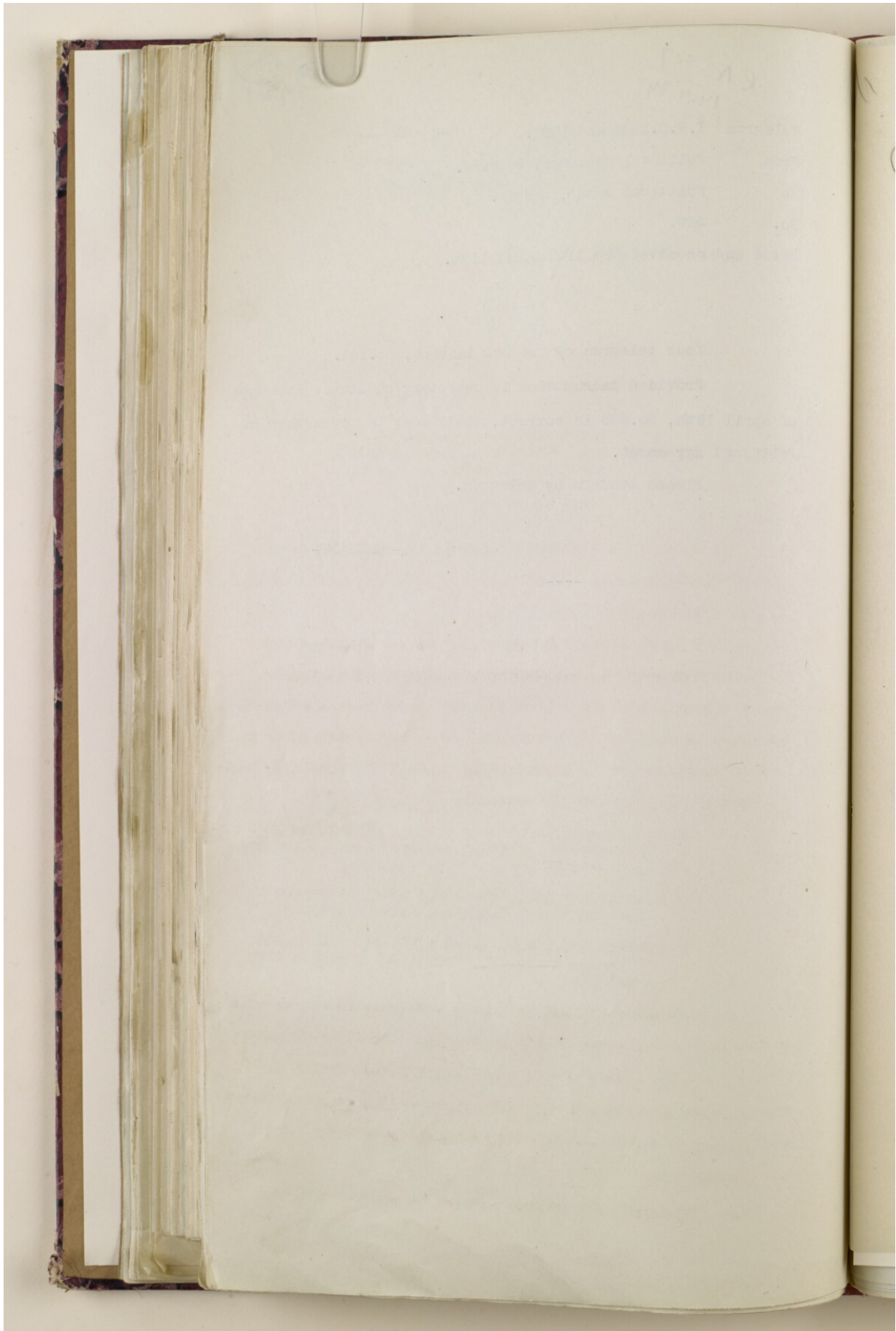
(124)

(114)
127

Telegram I.F.O.1927 and 1930.
From Political Resident, Bushire.
To Political Agent, Kuwait.
No. 369.
Dated and received the 11th April 1934.

p. 120
Your telegram of the 3rd instant, No.122.
Provided presumption in Secretary of States telegram
of April 10th, No.889 is correct, Shaikh may be given copy of
Political Agreement.
Please confirm by telegram.

-RESIDENT-





Original m 5/12 (15) 122
CONFIDENTIAL.

POLITICAL AGENCY,
KUWAIT.

9c No.C-133.

Dated the 11th April 1934.

From

Lt.-Colonel H.R.P. Dickson, C.I.E., I.A.,
Political Agent, Kuwait;

To

The Hon'ble the Political Resident
in the Persian Gulf, B u s h i r e .

Visit of German Minister, Baghdad and
French Charge' d'Affaires, Baghdad with
party to Kuwait.

Sir,

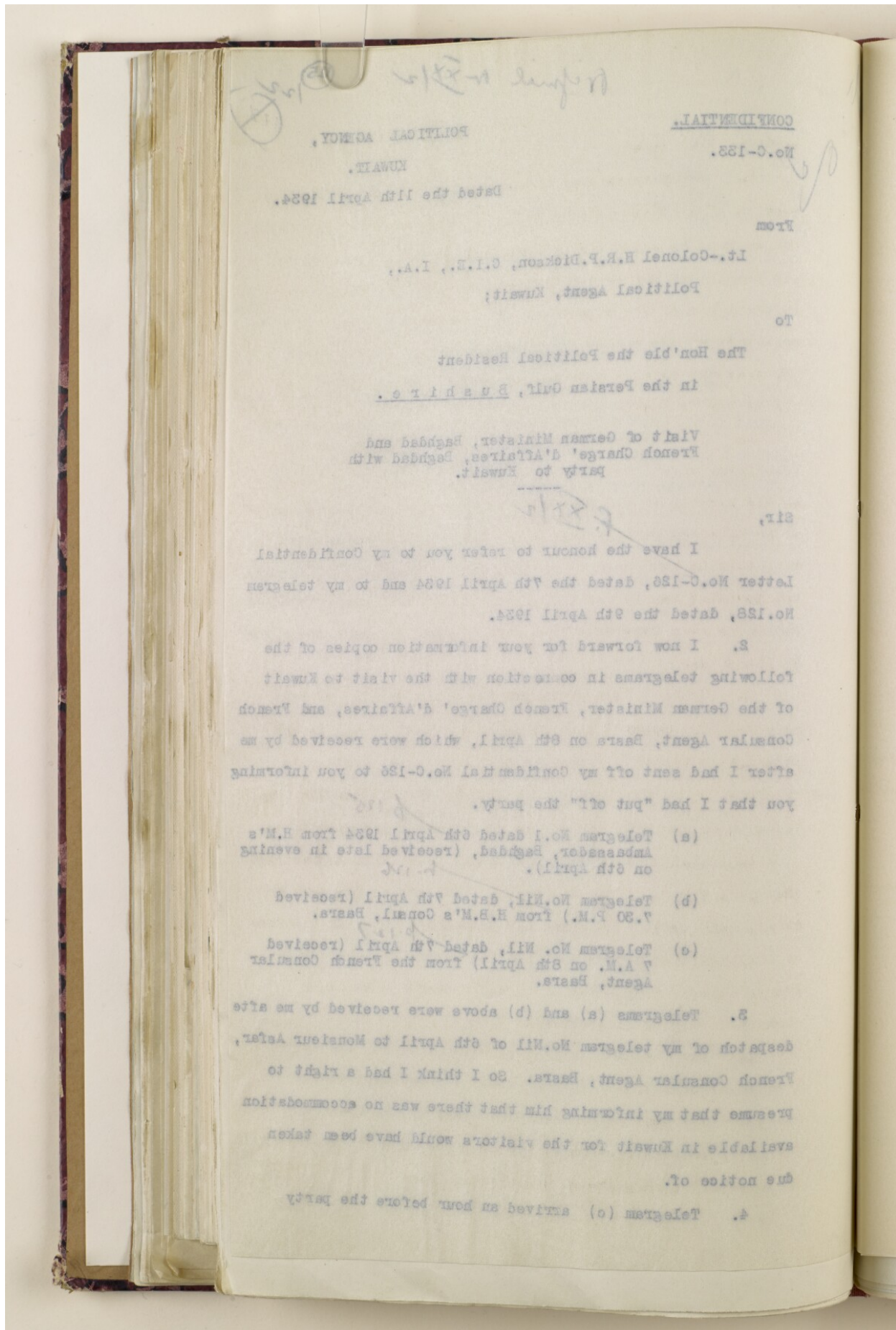
f. 5/12
I have the honour to refer you to my Confidential
Letter No.C-126, dated the 7th April 1934 and to my telegram
No.128, dated the 9th April 1934.

2. I now forward for your information copies of the
following telegrams in connection with the visit to Kuwait
of the German Minister, French Charge' d'Affaires, and French
Consular Agent, Basra on 8th April, which were received by me
after I had sent off my Confidential No.C-126 to you informing
you that I had "put off" the party.

- (a) Telegram No.1 dated 6th April 1934 from H.M's
Ambassador, Baghdad, (received late in evening
on 6th April). *b. 125*
- (b) Telegram No.Nil, dated 7th April (received
7.30 P.M.) from H.B.M's Consul, Basra. *b. 126*
- (c) Telegram No. Nil, dated 7th April (received
7 A.M. on 8th April) from the French Consular
Agent, Basra. *b. 127*

3. Telegrams (a) and (b) above were received by me after
despatch of my telegram No.Nil of 6th April to Monsieur Asfar,
French Consular Agent, Basra. So I think I had a right to
presume that my informing him that there was no accommodation
available in Kuwait for the visitors would have been taken
due notice of.

4. Telegram (c) arrived an hour before the party





- 2 -

125
123
119

party reached Kuwait.

5. For your further information, I beg to say that on receipt of Monsieur Asfar's letter of 3rd April (on 6th April) and as soon as I had sent off my reply on 6th, I called on the Shaikh who was camped 7 miles away with his family and informed him of the situation. He expressed his most profuse gratitude at the action I had taken, saying that he could not possibly have entertained any members of the party as his Palace in Kuwait was closed.

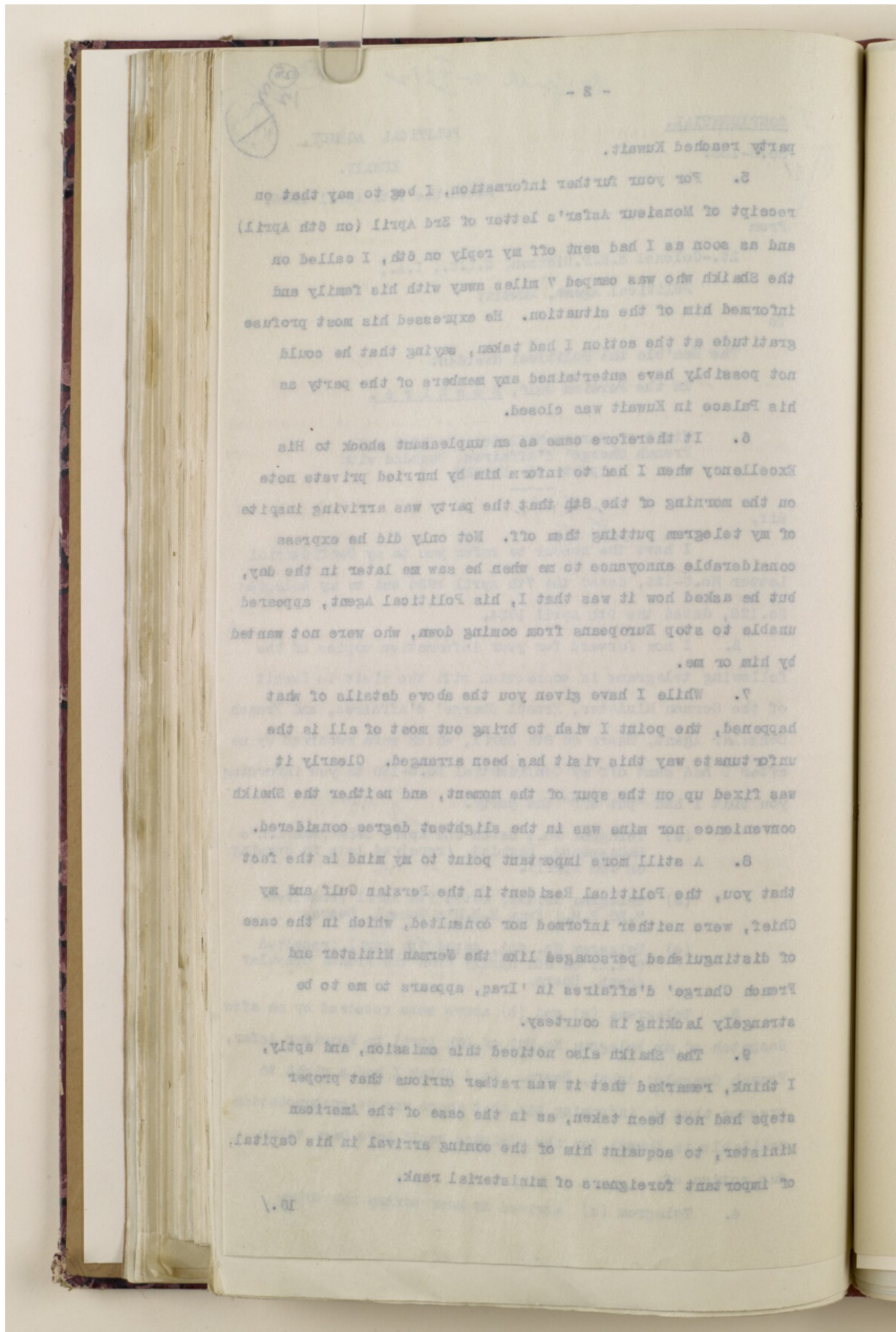
6. It therefore came as an unpleasant shock to His Excellency when I had to inform him by hurried private note on the morning of the 8th that the party was arriving inspite of my telegram putting them off. Not only did he express considerable annoyance to me when he saw me later in the day, but he asked how it was that I, his Political Agent, appeared unable to stop Europeans from coming down, who were not wanted by him or me.

7. While I have given you the above details of what happened, the point I wish to bring out most of all is the unfortunate way this visit has been arranged. Clearly it was fixed up on the spur of the moment, and neither the Shaikh convenience nor mine was in the slightest degree considered.

8. A still more important point to my mind is the fact that you, the Political Resident in the Persian Gulf and my Chief, were neither informed nor consulted, which in the case of distinguished personages like the German Minister and French Charge' d'affaires in 'Iraq, appears to me to be strangely lacking in courtesy.

9. The Shaikh also noticed this omission, and aptly, I think, remarked that it was rather curious that proper steps had not been taken, as in the case of the American Minister, to acquaint him of the coming arrival in his Capital of important foreigners of ministerial rank.

10./





- 3 -

124
(127)
(128)

10. As things turned out, the party which arrived, consisted of

- (a) Dr. Grobba (and wife), German Minister;
- (b) Monsieur Lepissier (and wife) French Charge' d'Affaires;
- (c) Dr. Hermann Suedhof, German Educational Expert, attached to 'Iraq Government;
- (d) Monsieur Asfar, French Consular Agent, Basra:

and I did my best to entertain them and show them round the Town personally, although I could offer them no food, as I had another large luncheon party on, consisting of Captain and Mrs. Howes, American Missionaries and Imperial Airways Officers (latter stranded here).

11. The party neither called on, nor left cards for, the Shaikh, and left again for Basra at 2 P.M. Monsieur Asfar before leaving apologized privately for the invasion, which he had done his best to stop on receipt of my wire.

12. Whilst in my house, Dr. Grobba and the French Charge' d'Affaires put one or two very pointed questions regarding the activities of the new Kuwait Oil Company, and appeared to be perfectly aware of who Major Holmes and Mr. Chisholm were. They also asked whether it was true that the Political Resident was about to take up his residence at Bahrain.

13. In my opinion the visit had some connection with Oil and was in the nature of a "preliminary look round".

I have the honour to be,

Sir,

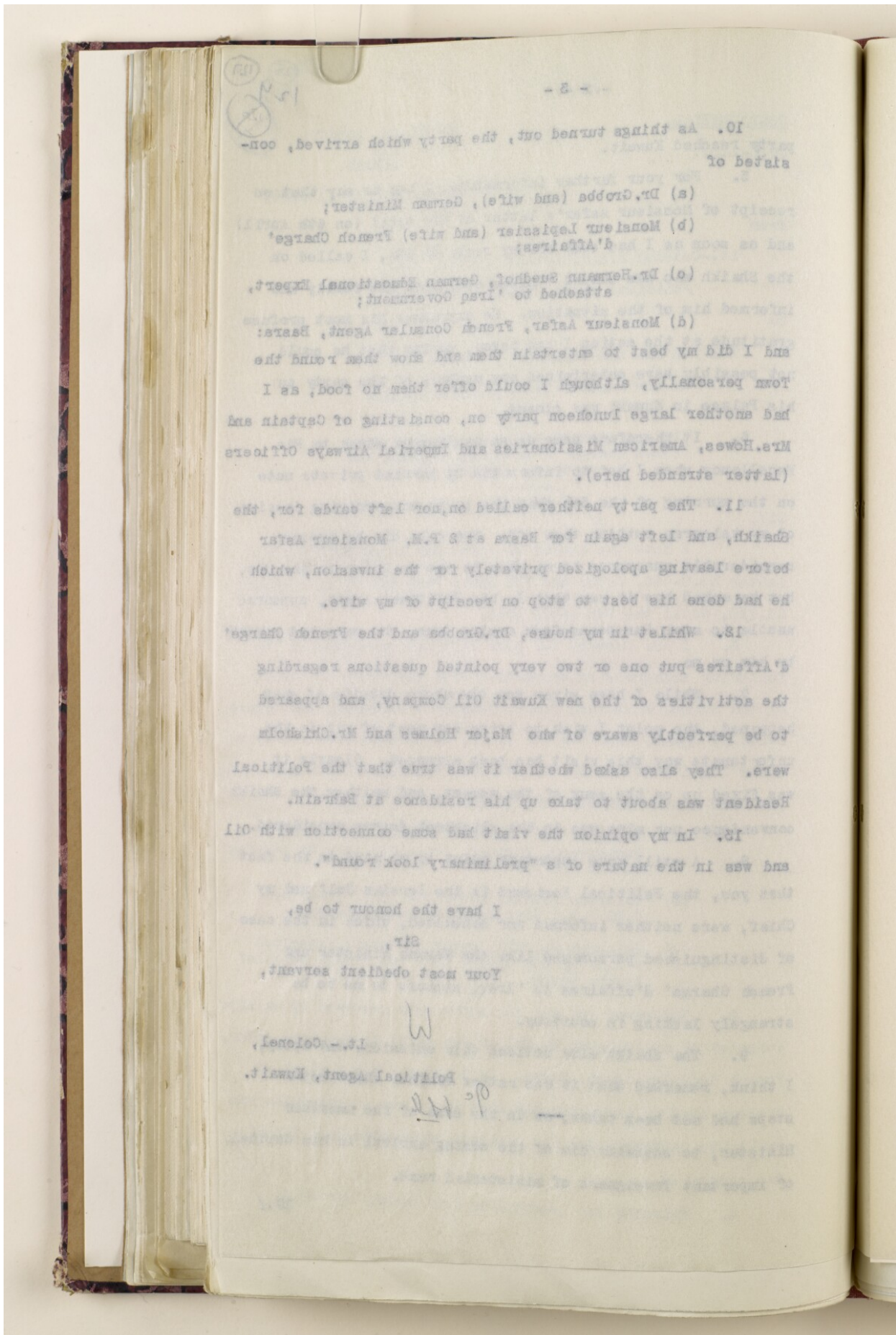
Your most obedient servant,

W

Lt.- Colonel,

Political Agent, Kuwait.

--- Jc H.L.





(a)

(128)

125
(124)

Telegram G.T.C.

From His Majesty's Ambassador, Baghdad .

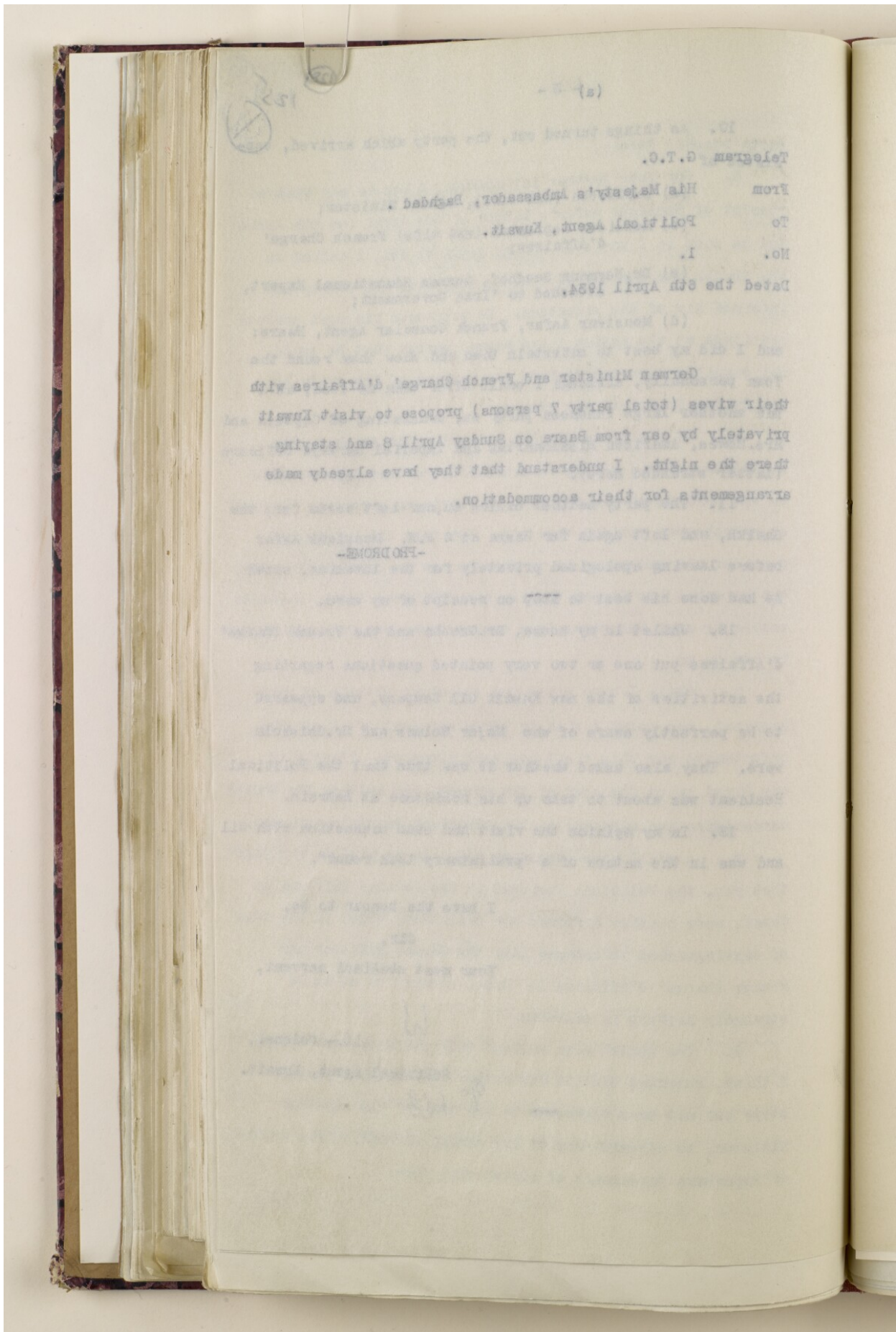
To Political Agent, Kuwait.

No. 1.

Dated the 6th April 1934.

German Minister and French Charge' d'Affaires with their wives (total party 7 persons) propose to visit Kuwait privately by car from Basra on Sunday April 8 and staying there the night. I understand that they have already made arrangements for their accommodation.

-PRO DROME-





(b)

129 126
122

Telegram Enclair.

From H.B.M.'s Consul, Basra.

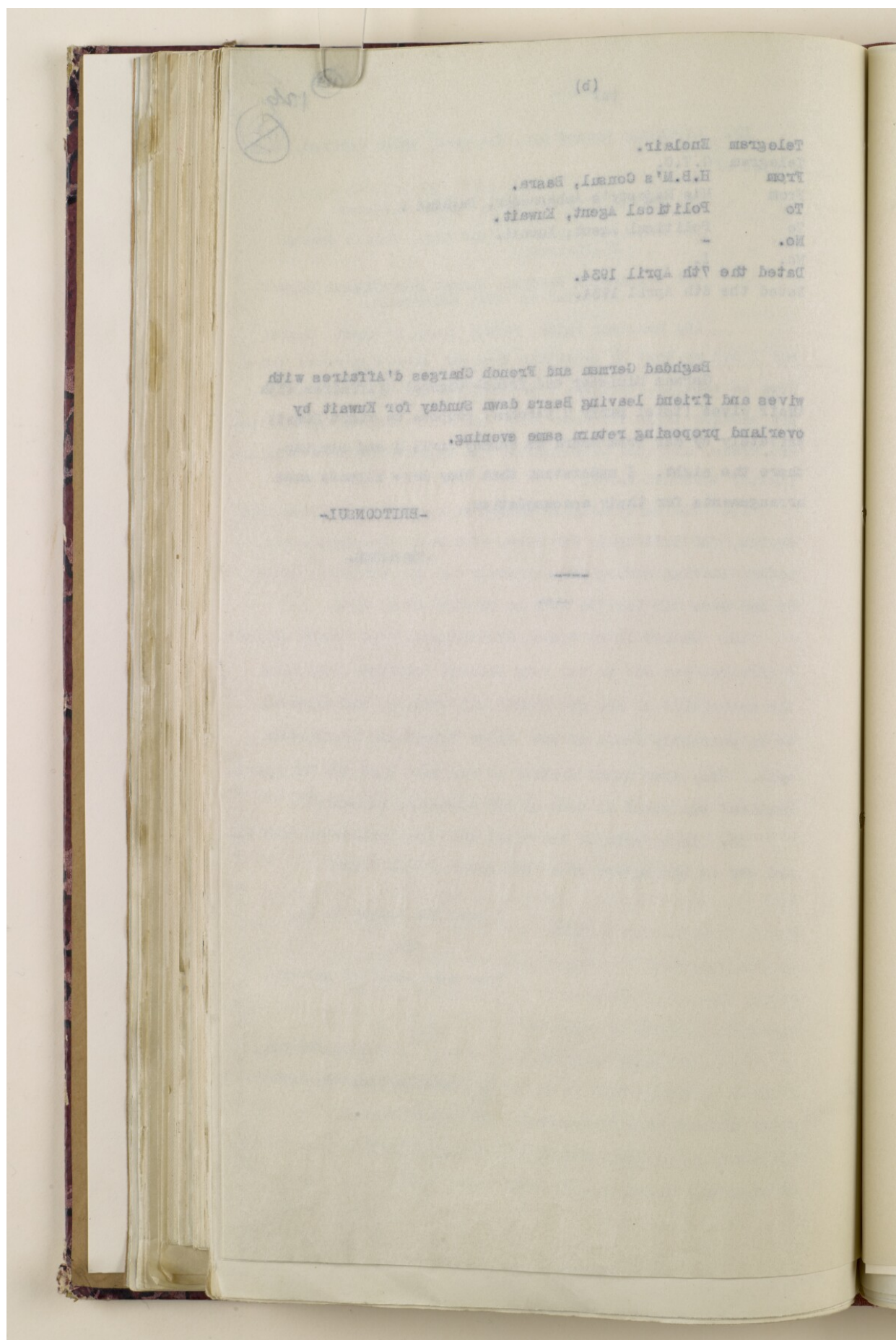
To Political Agent, Kuwait.

No. -

Dated the 7th April 1934.

Baghdad German and French Charges d'Affaires with
wives and friend leaving Basra dawn Sunday for Kuwait by
overland proposing return same evening.

-BRITCONSUL-





(c)

130
127
123

Telegram Enclair.

From Count Asfar, French Consular Agent, Basra.

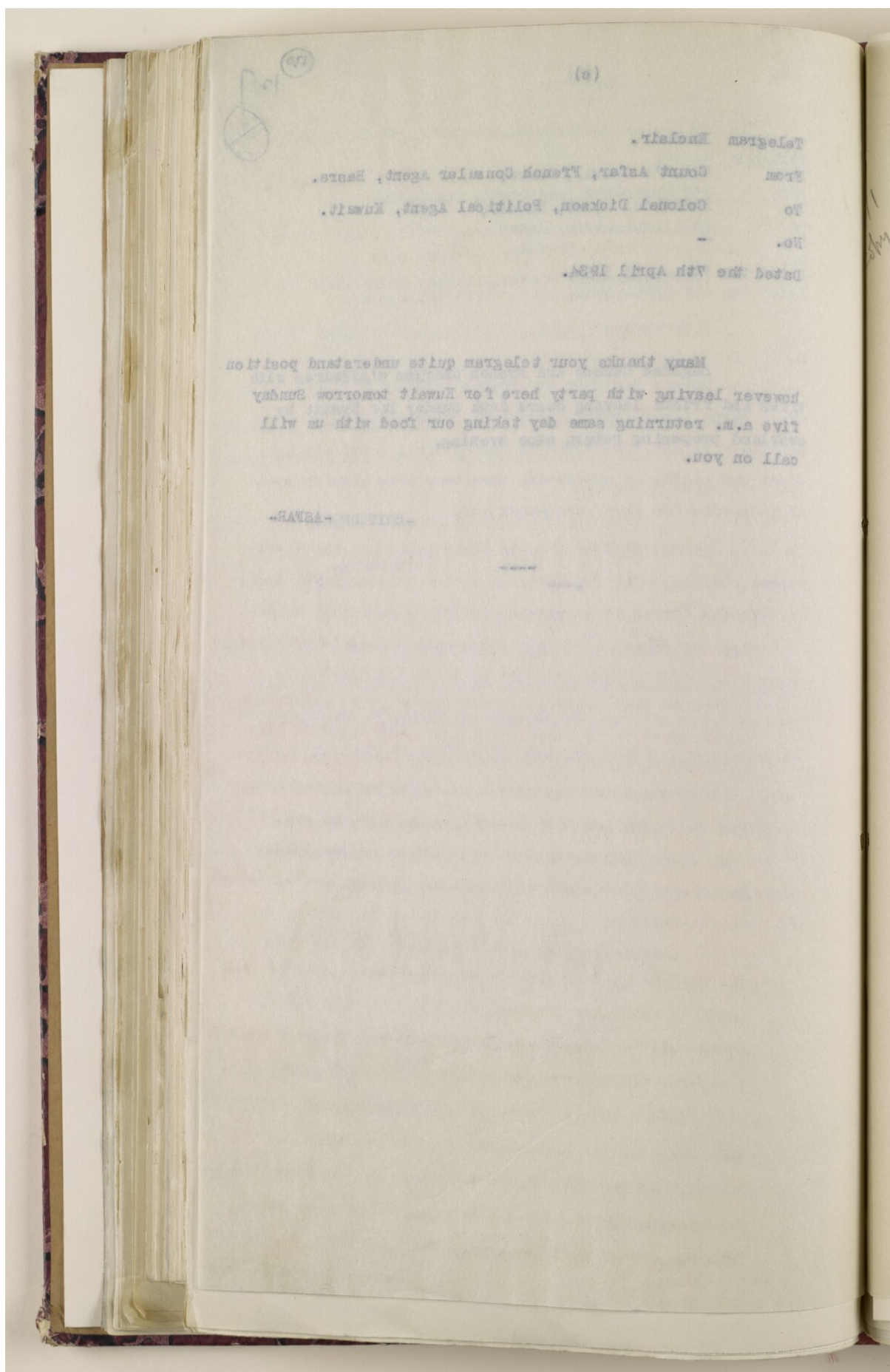
To Colonel Dickson, Political Agent, Kuwait.

No. -

Dated the 7th April 1934.

Many thanks your telegram quite understand position
however leaving with party here for Kuwait tomorrow Sunday
five a.m. returning same day taking our food with us will
call on you.

-ASFAR-





CONFIDENTIAL.

No. C-132.

POLITICAL AGENCY,
KUWAIT.

Dated the 11th April 1934.

From

Lt.-Colonel H.R.P. Dickson, C.I.E., I.A.,
Political Agent, Kuwait;

To

The Hon'ble the Political Resident
in the Persian Gulf, B u s h i r e .

Oil interests and the recent visit of
Mr. Knabenshue, American Minister in
'Iraq to Kuwait.

Sir,

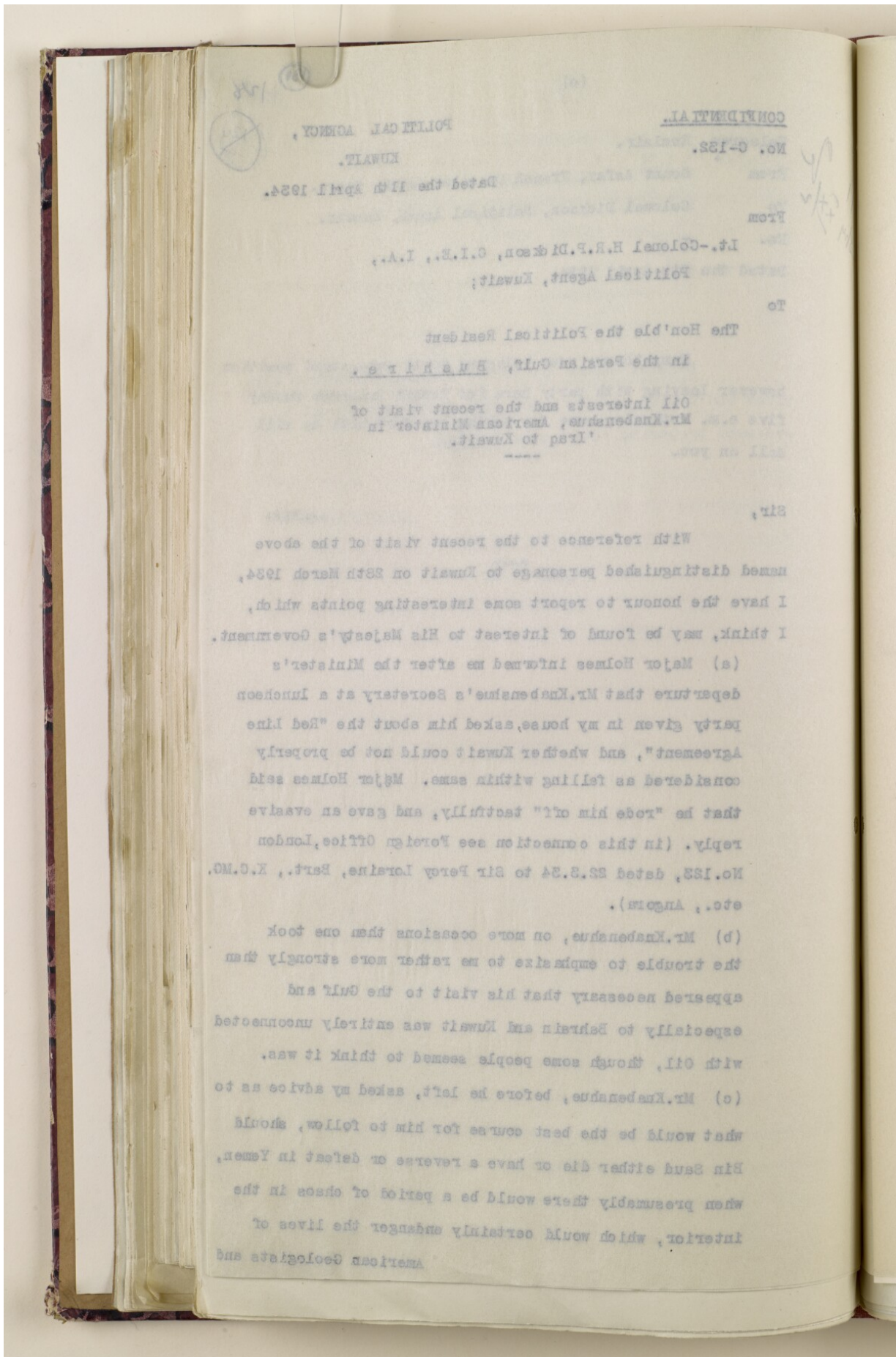
With reference to the recent visit of the above
named distinguished personage to Kuwait on 28th March 1934,
I have the honour to report some interesting points which,
I think, may be found of interest to His Majesty's Government.

(a) Major Holmes informed me after the Minister's
departure that Mr. Knabenshue's Secretary at a luncheon
party given in my house, asked him about the "Red Line
Agreement", and whether Kuwait could not be properly
considered as falling within same. Major Holmes said
that he "rode him off" tactfully, and gave an evasive
reply. (in this connection see Foreign Office, London
No. 123, dated 22.3.34 to Sir Percy Loraine, Bart., K.C.M.G.
etc., Angora).

(b) Mr. Knabenshue, on more occasions than one took
the trouble to emphasize to me rather more strongly than
appeared necessary that his visit to the Gulf and
especially to Bahrain and Kuwait was entirely unconnected
with Oil, though some people seemed to think it was.

(c) Mr. Knabenshue, before he left, asked my advice as to
what would be the best course for him to follow, should
Bin Saud either die or have a reverse or defeat in Yemen,
when presumably there would be a period of chaos in the
interior, which would certainly endanger the lives of

American Geologists and





- 2 -

drillers working in the hinterland of Hassa.

I have the honour to be,

Sir,

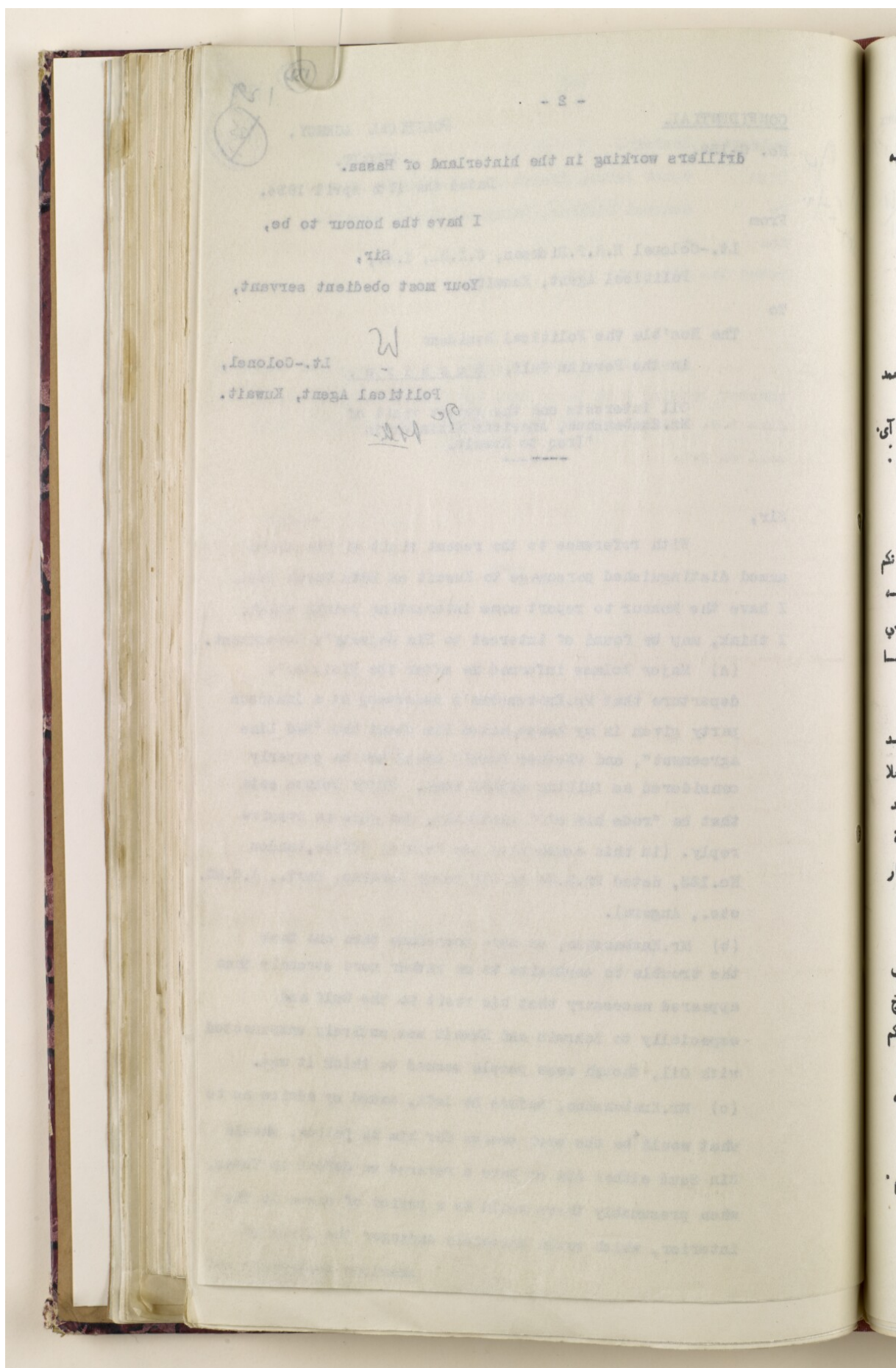
Your most obedient servant,

W

Lt.-Colonel,

Political Agent, Kuwait.

9c W. H. H.





(مصري)
الوكالة السياسية
كويت
عدد سي/ ١٢٤
تاريخ ٢٧ ذي الحجة ١٣٥٢

حضرة محمد الشيم الحب المزهر
صاحب السعادة الشيخ سراج
الجابر الصباح
كي. سي. آي. - سي. سي. آي.
حاكم الكويت المحترم

بعد التحية وجزيل الاحترام =

لبي الشرف ان اجبر ساداتكم
انني البارحة تلقت رخصة تلفزيونية
من فحامة رئيس الخليج الفارسي
لتسليم الكتاب المرسى - رسول طهسا
الى ساداتكم

٢. ان فحامة رئيس الخليج قد
طلب مني ايضا ان حكومة صاحب الجلا
لة البرمطانية ثابت لديها ان ساد
تكم ستما طون هذه الورقة كوثقة
سريه جدا لا نها مقصودة لاخبار
ساداتكم فقط

٣. انني اتأسف للغاية لتأجيل
ارسال كتابي عدد سي/ ١١١ المؤرخ
في ٢٨ مارس ١٩٣٤ الى ساداتكم
وذلك كما علمت لم يكن ناشئا الا عن
زيارة فحامة الرئيس الطويل
الى قطر

وتفصلوا بقول فائق الاحترام

Confidential.

No.C/134.

POLITICAL AGENCY,

KUWAIT.

The 12th April 1934.

To

His Excellency Shaikh Sir Ahmad al-
Jabir as-Sabah, K.C.I.E., C.S.I.,
Ruler of Kuwait.

After compliments,

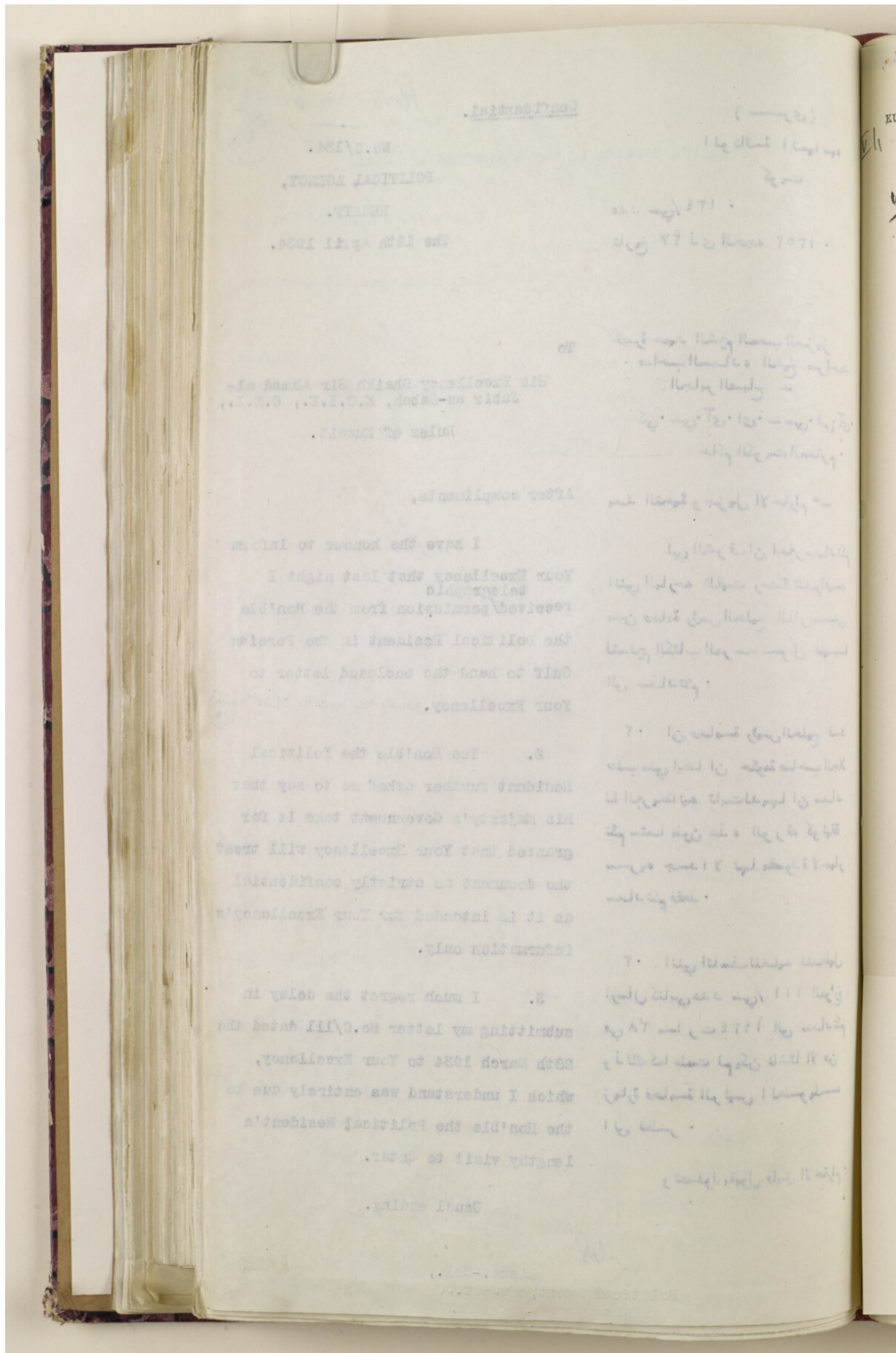
I have the honour to inform
Your Excellency that last night I
received telegraphic permission from the Hon'ble
the Political Resident in the Persian
Gulf to hand the enclosed letter to
Your Excellency (Handwritten: letter No.C.111 Dated 28th March 1934)

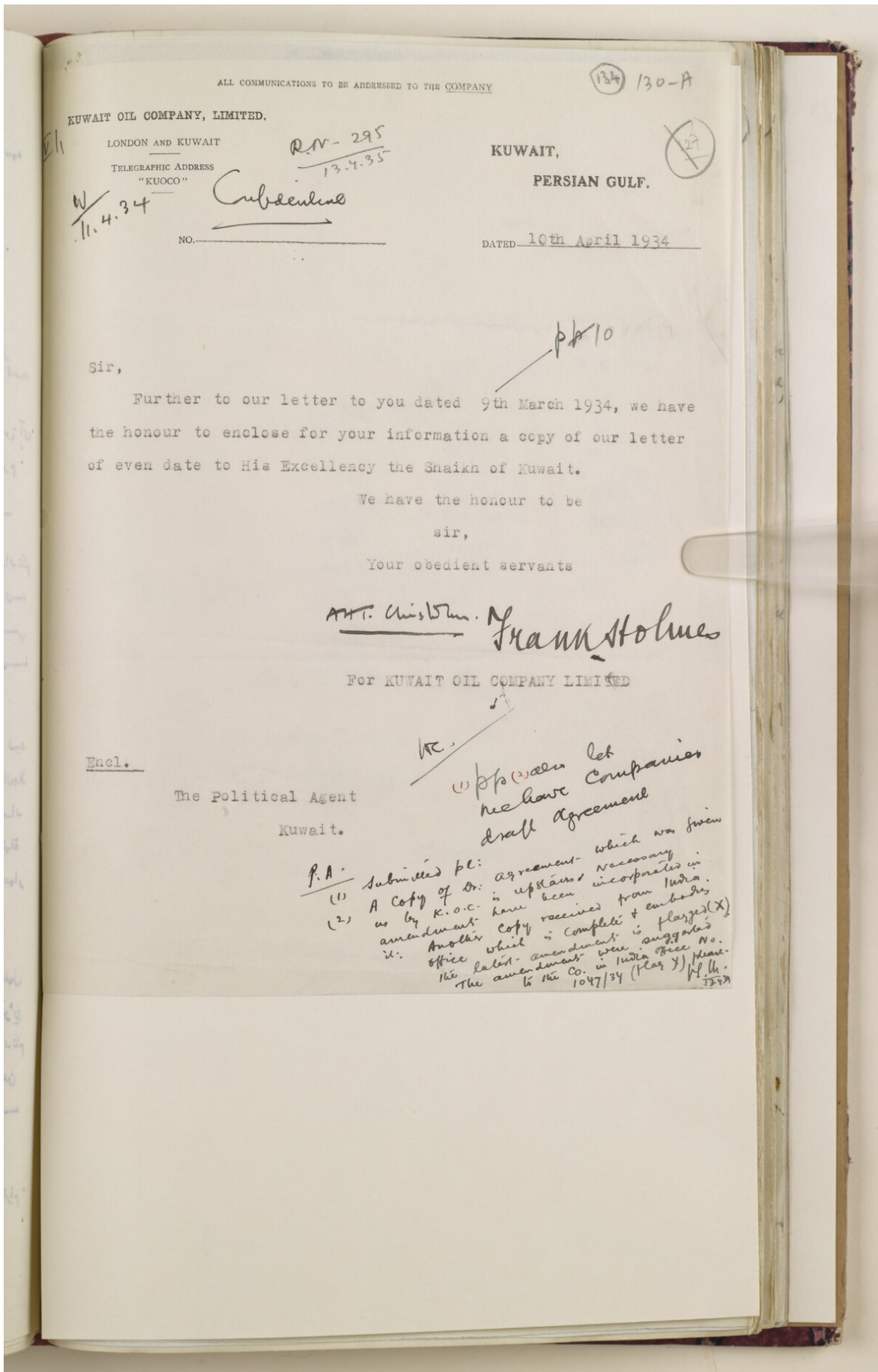
2. The Hon'ble the Political
Resident further asked me to say that
His Majesty's Government take it for
granted that Your Excellency will treat
the document as strictly confidential
as it is intended for Your Excellency's
information only.

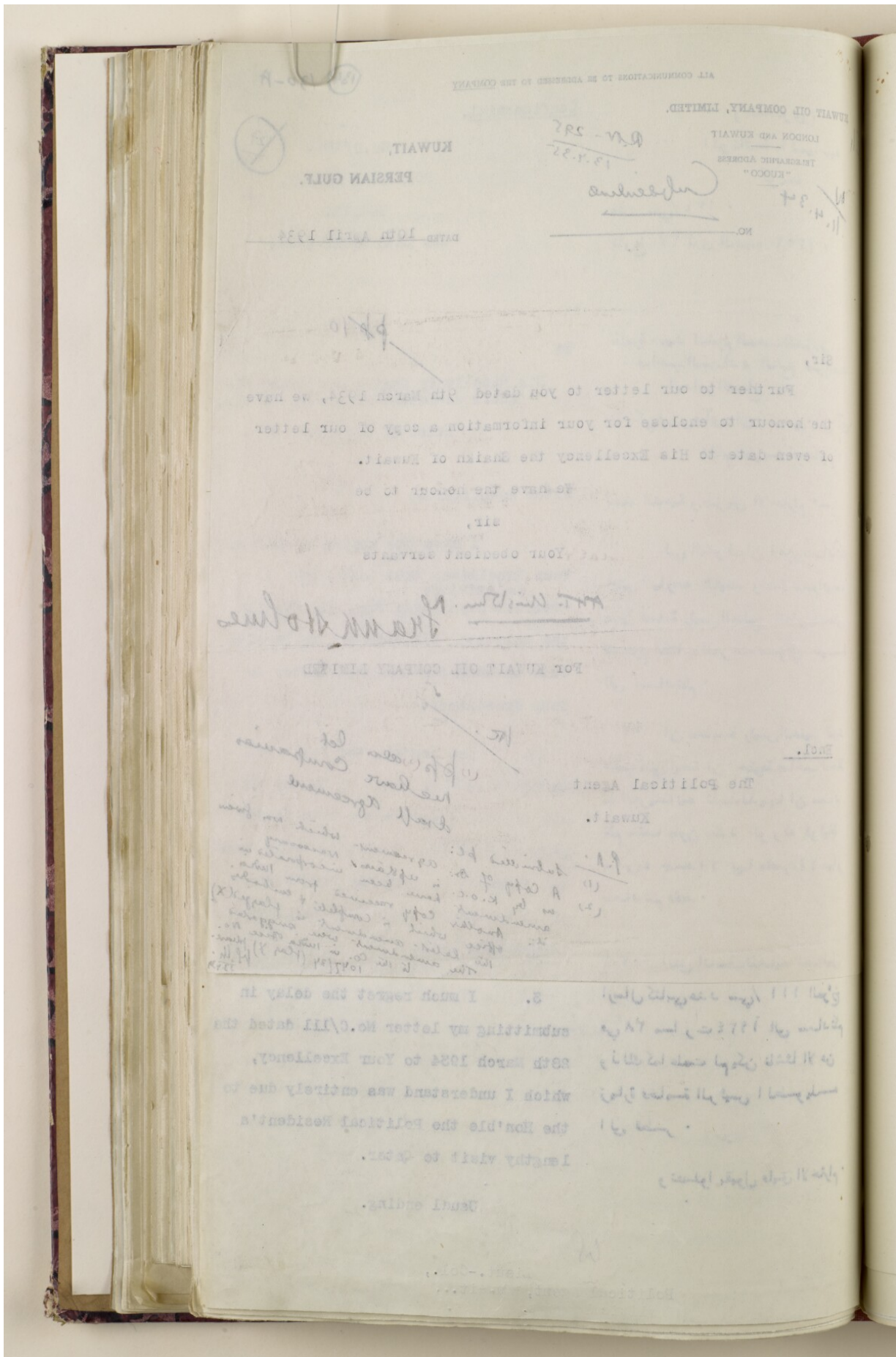
3. I much regret the delay in
submitting my letter No.C/111 dated the
28th March 1934 to Your Excellency,
which I understand was entirely due to
the Hon'ble the Political Resident's
lengthy visit to Qatar.

Usual ending.

Lieut.-Col.,
Political Agent, Kuwait.









6/11
KUWAIT OIL COMPANY, LIMITED. *130-B* *(135)* *(136)*

KUWAIT,

PERSIAN GULF, 10th April 1934

No. _____

His Excellency Shaikh Sir Ahmad Al-Jabir
As-Sabah KCIE. CSI.
Ruler of Kuwait
KUWAIT

Your Excellency,

After compliments.

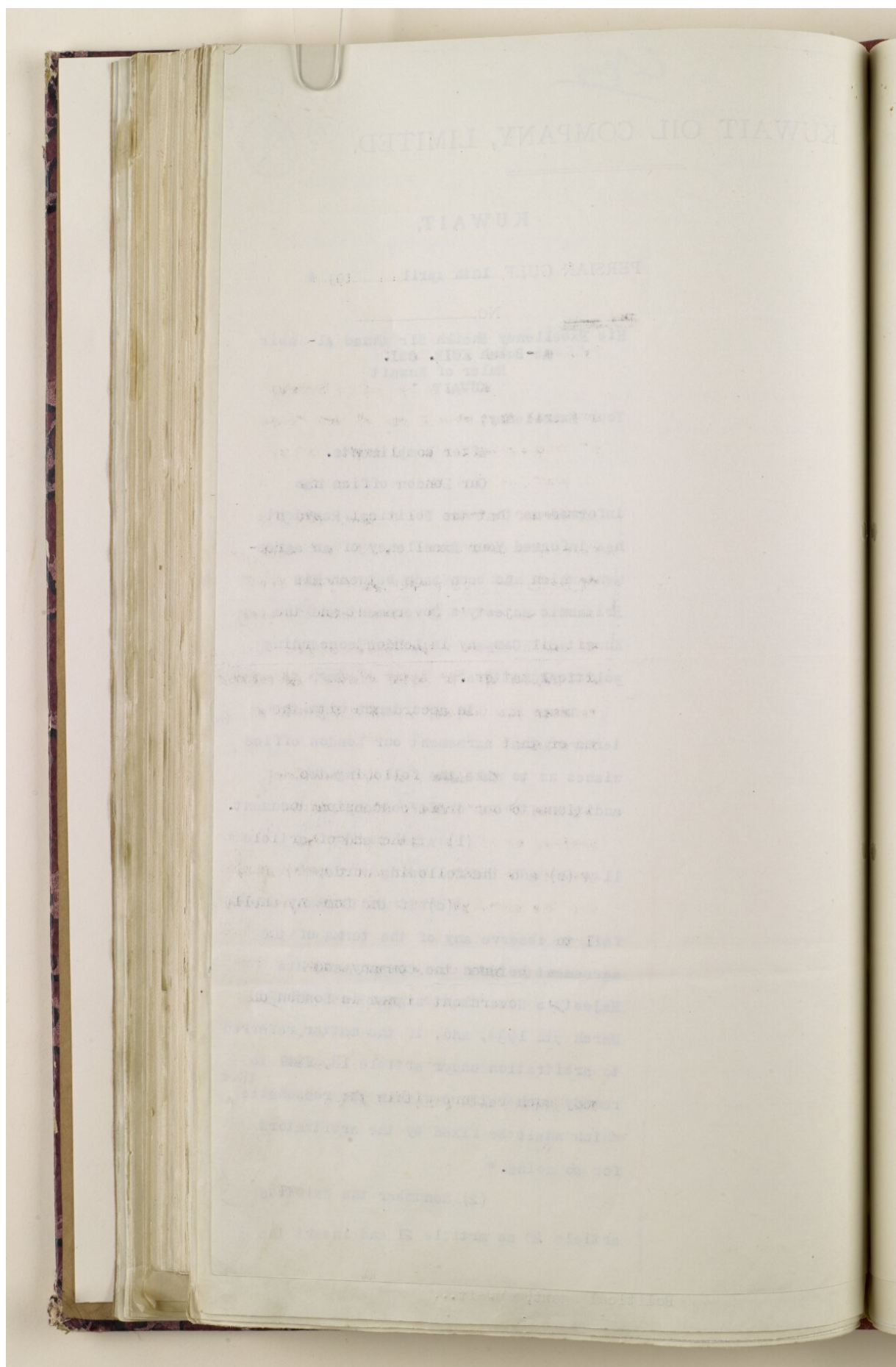
Our London office has informed us that the Political Resident has informed Your Excellency of an agreement which has been made between His Britannic Majesty's Government and the Kuwait Oil Company in London concerning political matters.

In accordance with the terms of that agreement our London office wishes us to make the following two additions to our draft concession document.

(1) At the end of article 11 A (e) add the following words;

"(d) If the Company shall fail to observe any of the terms of the agreement between the Company and His Majesty's Government signed in London on March 5th 1934, and, if the matter^{is} referred to arbitration under article 18, fail to remedy such failure within the reasonable^{Time} which shall be fixed by the arbitrators for so doing."

(2) Renumber the existing article 20 as article 21 and insert the





136
130-c
136
KUWAIT OIL COMPANY, LIMITED.

KUWAIT,

PERSIAN GULF, _____ 193 _____

2nd page

NO. _____

following new article 20;

" article 20. It is hereby
declared that should any of the terms
of this agreement be inconsistent or
in conflict with the terms of the
agreement between the Company and His
Majesty's Government signed in London
on March 5th 1934, this agreement shall,
to the extent of any such inconsistency
or conflict, be subordinate to and
controlled by the terms of that agreement
between the Company and His Majesty's
Government "

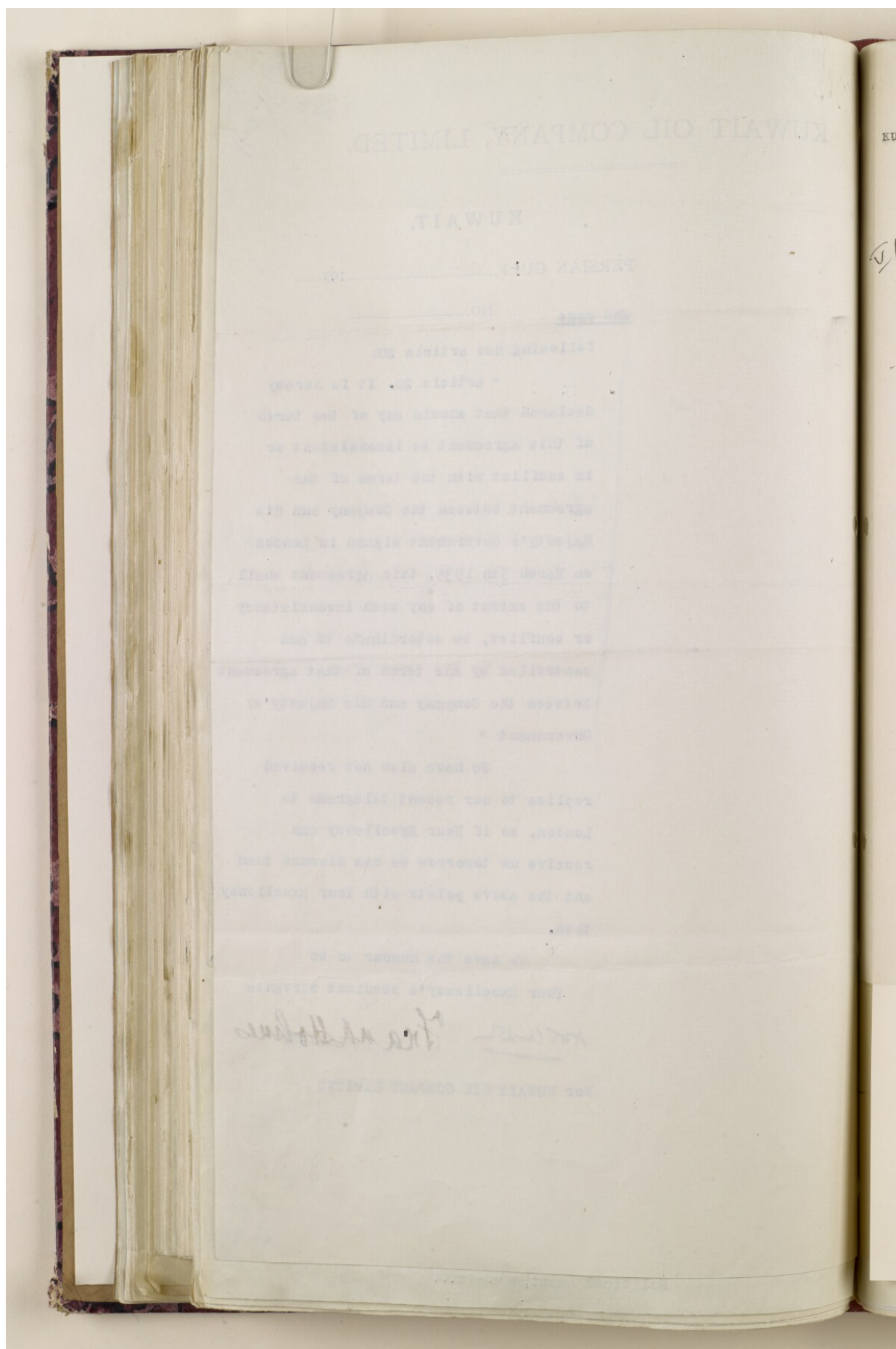
We have also now received
replies to our recent telegrams to
London, so if Your Excellency can
receive us tomorrow we can discuss them
and the above points with Your Excellency
then.

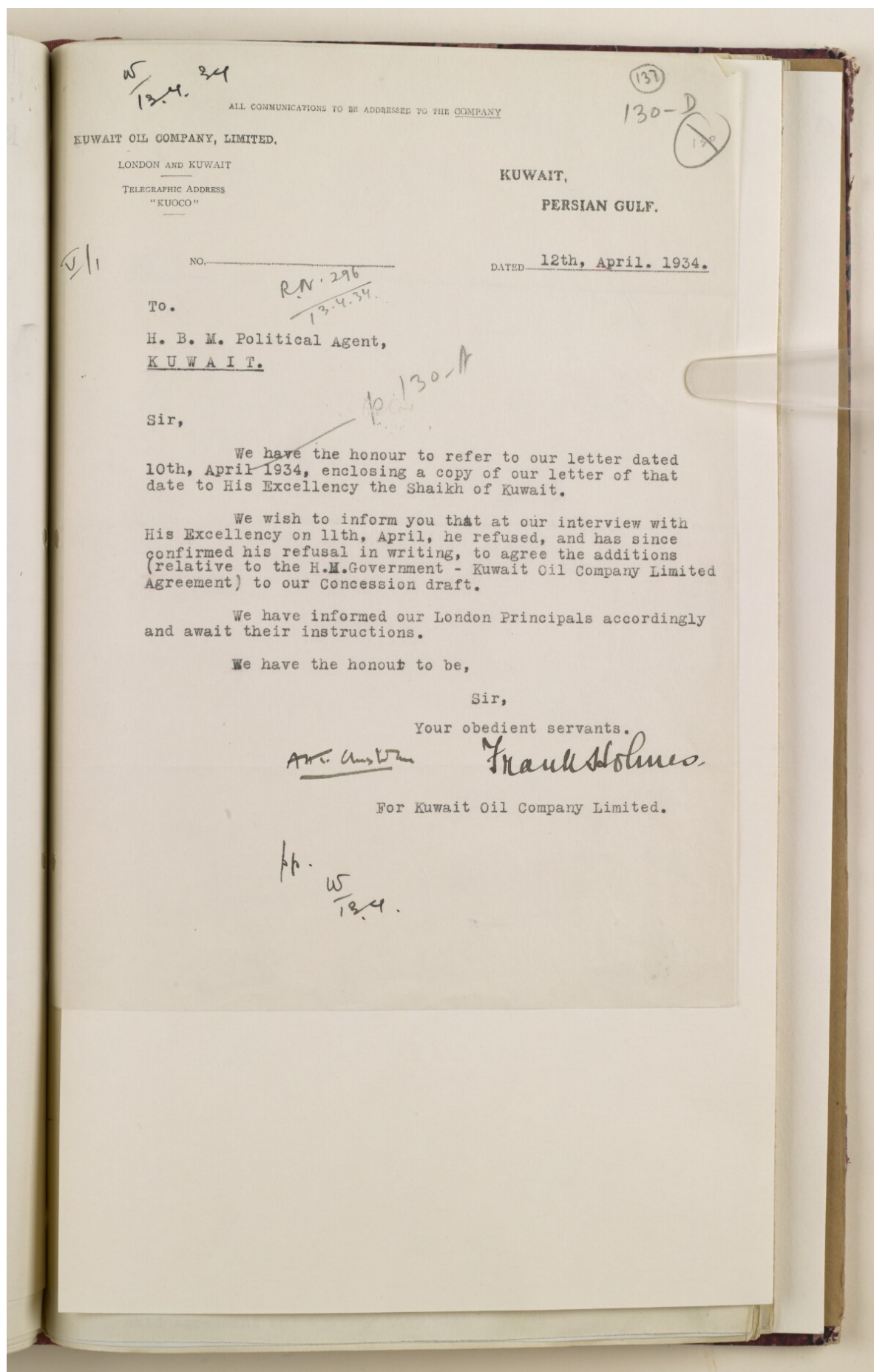
We have the honour to be

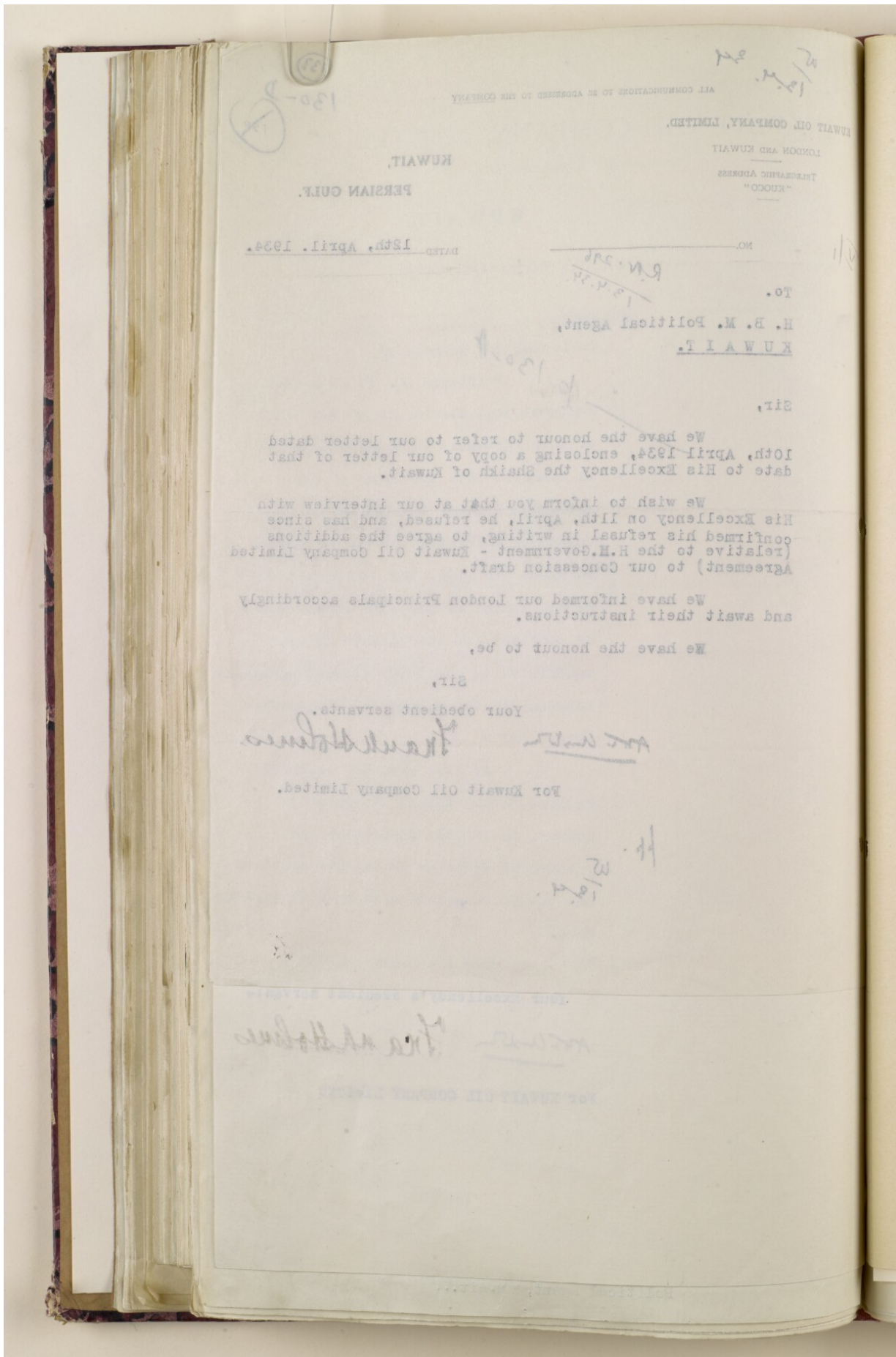
Your Excellency's obedient servants

A. H. Winstanley Frank Holmes

For KUWAIT OIL COMPANY LIMITED









TRANSLATION.

No.R/3/1472

My Friends Major Holmes and Mr.Chisholm,
Representatives,
Kuwait Oil Company Ltd.,

130-E
138
139
KUWAIT.

26th, Dhol Hijjah 1352.

11th, April 1934.

After Greetings.

130-A
In reply to your letter of 25/12/52
corresponding with 10/4/34 and about the discussions that t
took place between us this morning, I have the pleasure to
inform you with regard to the two articles mentioned in
your letter under reference, that we can not agree to them.

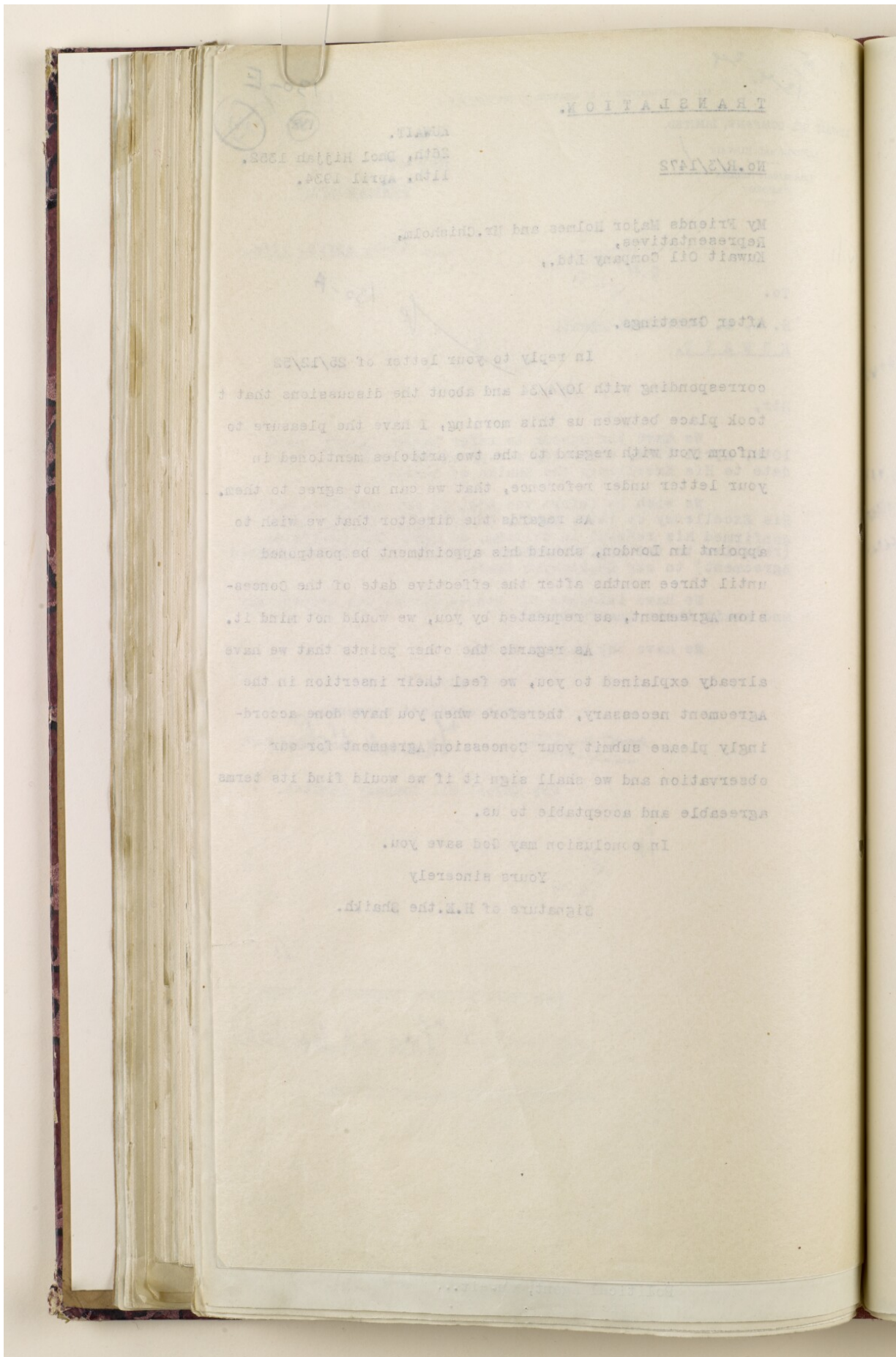
As regards the director that we wish to
appoint in London, should his appointment be postponed
until three months after the effective date of the Conces-
sion Agreement, as requested by you, we would not mind it.

As regards the other points that we have
already explained to you, we feel their insertion in the
Agreement necessary, therefore when you have done accord-
ingly please submit your Concession Agreement for our
observation and we shall sign it if we would find its terms
agreeable and acceptable to us.

In conclusion may God save you.

Yours sincerely

Signature of H.E.the Shaikh.





Telegram I.F.O. 1930.

From Political Agent, Kuwait.

To Political Resident, Bushire.

No. 135.

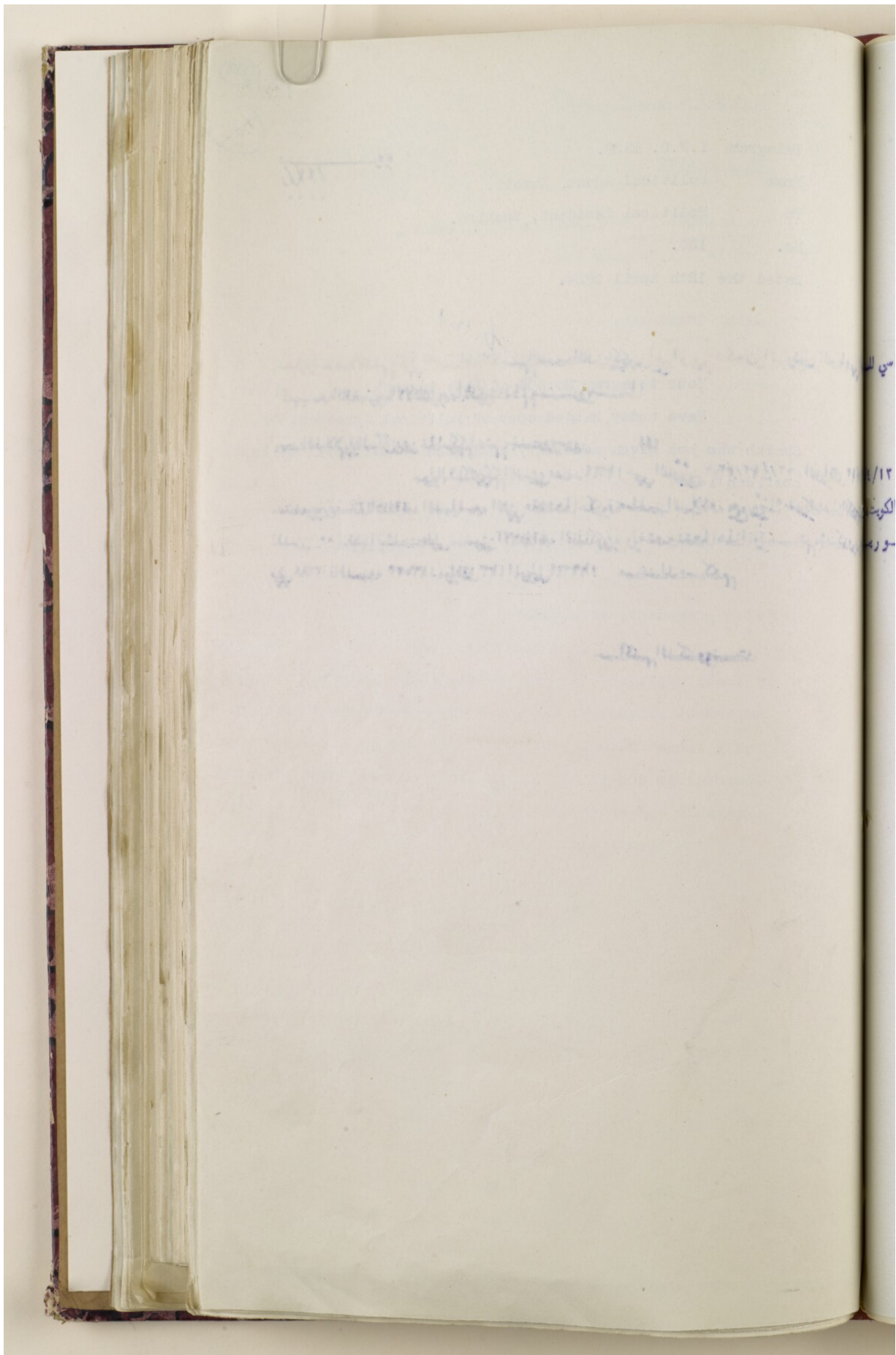
Dated the 12th April 1934.

131 (139)
132

b.121
Your telegram No. 389 of 11th instant.

Have today handed copy of Political Agreement to
Shaikh who has given necessary assurance that it will be kept
confidential.

-Political-





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١٤٠٠

CONFIDENTIAL.

سري

١٤٠

131-A

١٤٠٠ / ١٤٠٠

١٤٠٠

حضرة حميد الشيم عالي الجاه الانضم المحب المزيكوتل اج اربي دكسن السوكيل السياسي الى
الهمسرة القيصريه الانكليزيه بالكويت دام محروسا

بعد السلام والسؤال عن خاطركم دمت بخير وسرور

جوابا لمكتوبكم السري عدد ١٣٤ سي المؤرخ ٢٧ / ١٢ / ٥٢ الموافق ١٢ / ١٢
منصوص بمسألة اتفاقية السياسة التي عقدتها حكومة صاحب الجلالة مع رؤساء شركة نفط الكويت
لندن . فقد اطلعت على مضمون الاتفاقية المذكورة واستمعتهها هذا ودمست مشكور
في ٢٨ ذ الحجة ١٣٥٢ الموافق ١٣ ابريل ١٩٣٤ مخلصكم

حاكم الكويت

Vo

Translated Carbury
١٤٠٠
١٤٠٠

He
be careful to file this
in its proper place 14.3.34
W

TRANSLATION

Confidential.

No.R4/1530.

Dated the 28th Dhil Hujjah 1352 (13th April 1934).

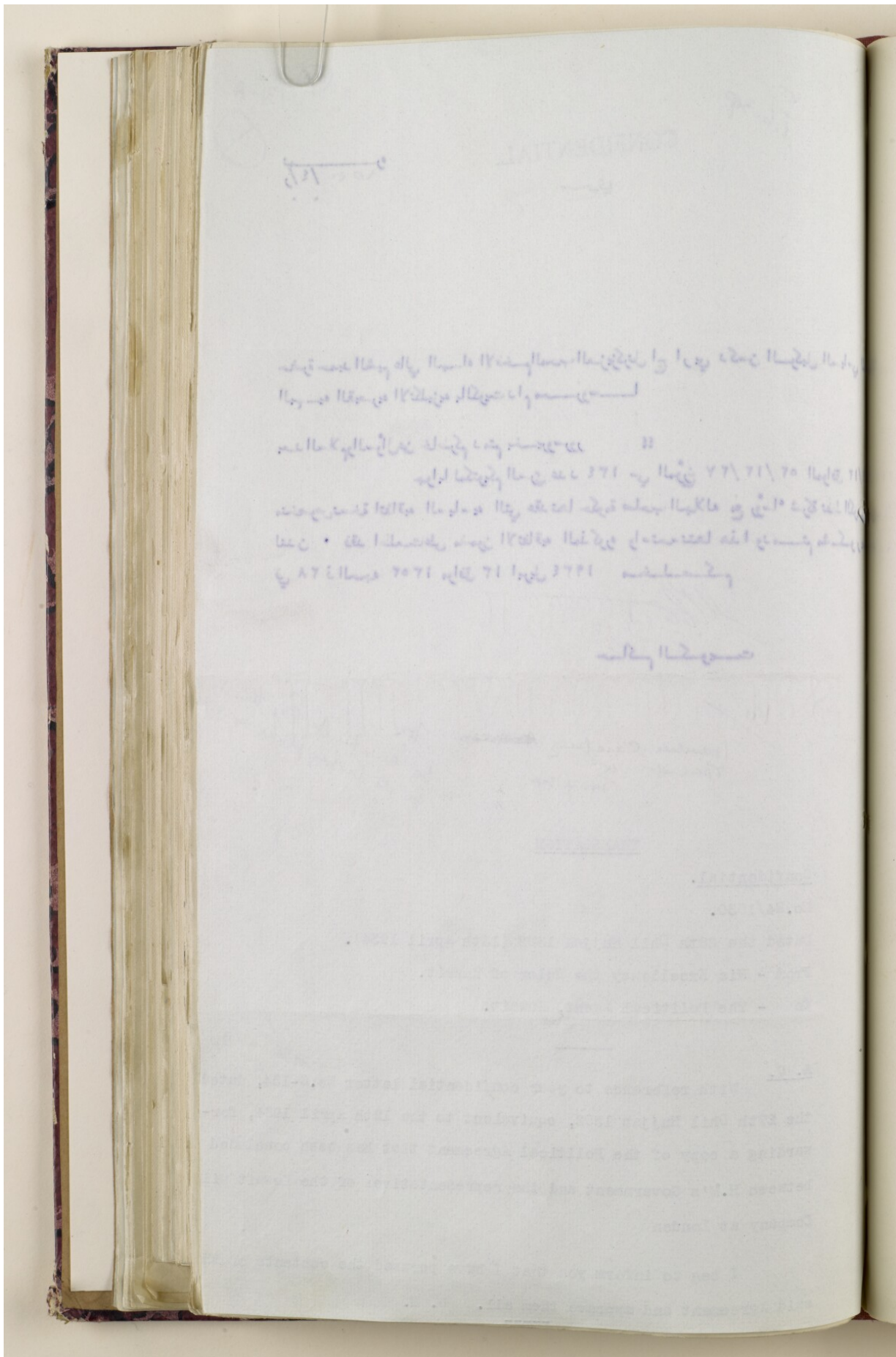
From - His Excellency the Ruler of Kuwait.

To - The Political Agent, Kuwait.

A. C.

With reference to your confidential letter No.C-134, dated the 27th Dhil Hujjah 1352, equivalent to the 12th April 1934, forwarding a copy of the Political Agreement that has been concluded between H.M's Government and the representatives of the Kuwait Oil Company at London

I beg to inform you that I have perused the contents of the said Agreement and approve them all. U. E.





R.N. 298
13.4.34

134

(141)

Telegram I.F.O. 1927-1930
From Political Resident, Bushire.
To Political Agent, Kuwait.
No. 380.
Dated the 13th April 1934.

b21

My telegram of the 15th instant, T/60.
Kuwait Oil.
Presume you have informed Shaikh.

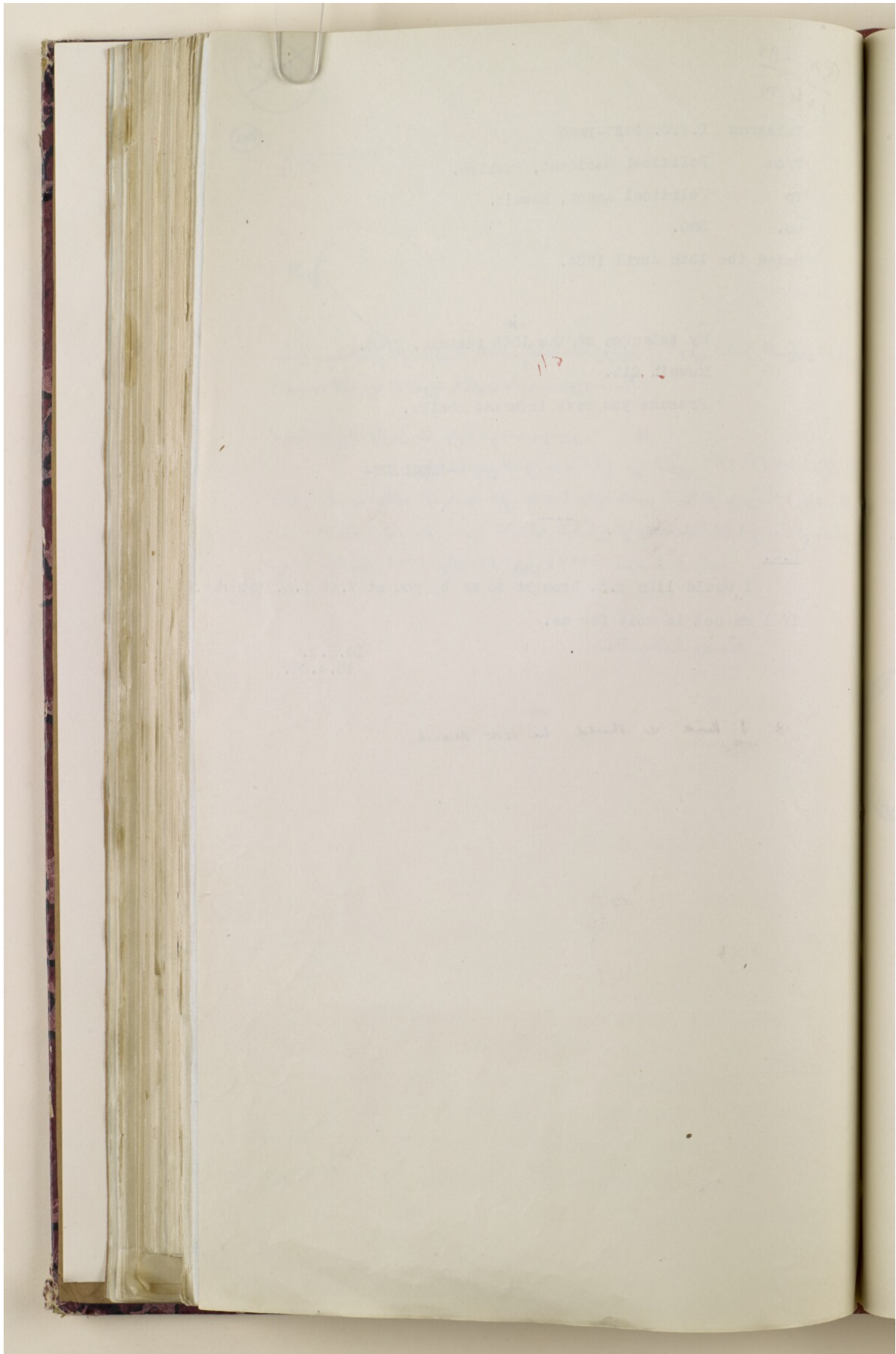
-RESIDENT-

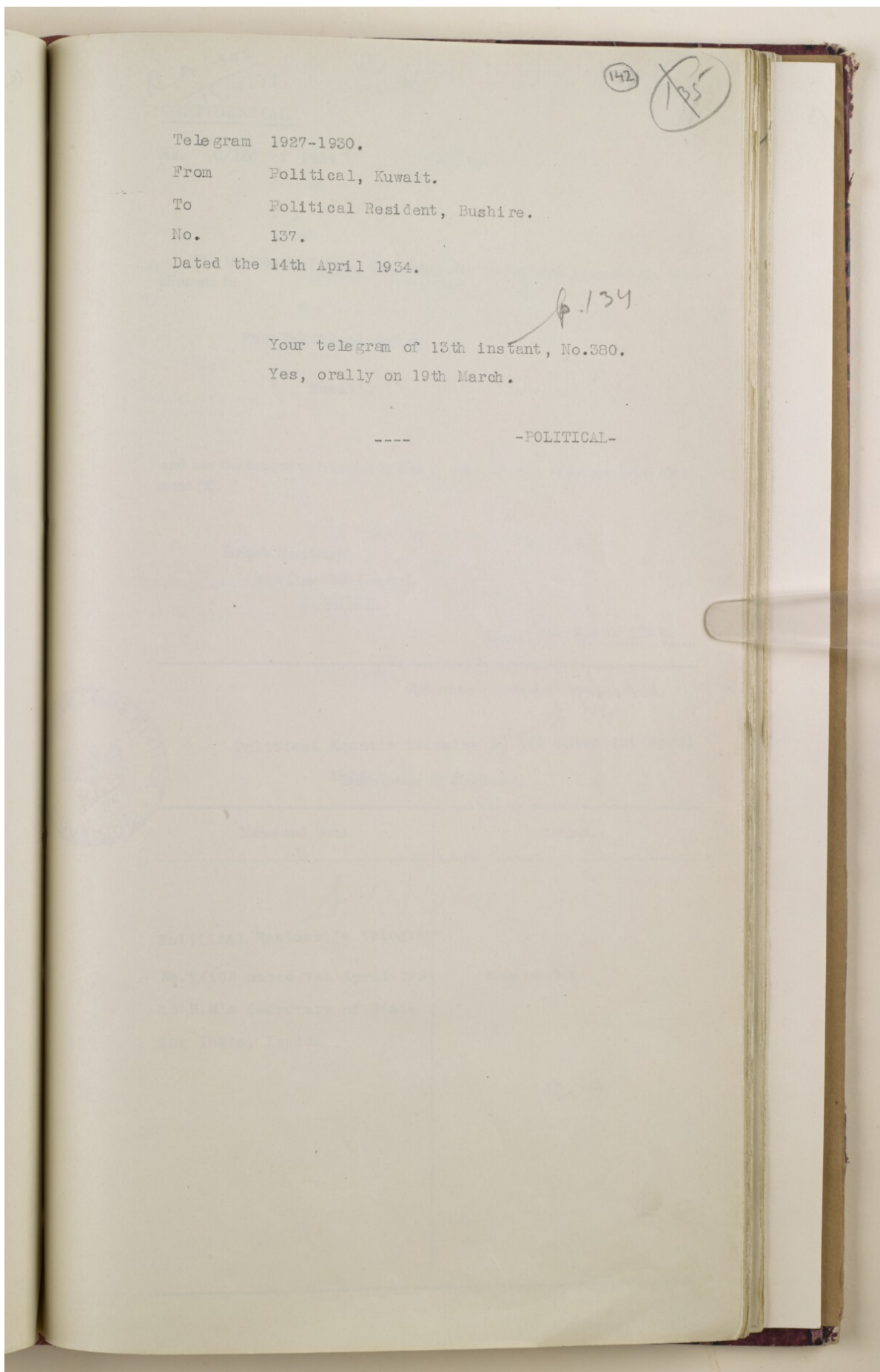
H.C.

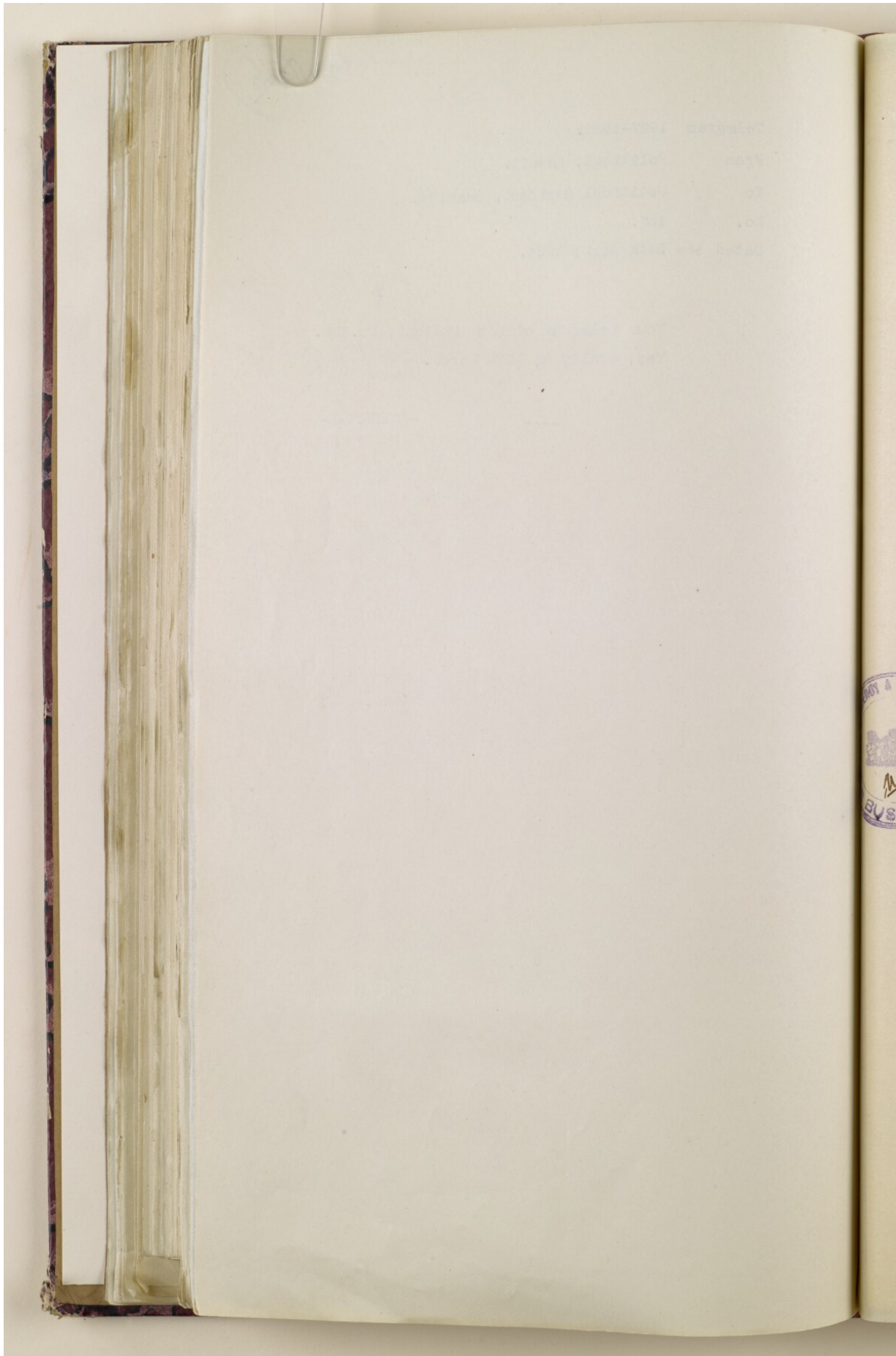
I would like p.p. brought to me by you at 7.45 p.m. tonight.
If I am not in wait for me.

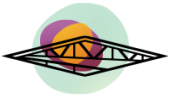
Id.H.D.
13.4.34.

* I think it should be 15th March.









P.N. 302
14.4.34.
CONFIDENTIAL.

W/
12.4.34

(143)

136

No. C/187 of 1934

The Hon'ble the Political Resident in the Persian Gulf presents his compliments to

The Political Agent,

Kuwait.

and has the honour to transmit to him a copy of the undermentioned document (X).

British Residency
and Consulate-General,
BUSHIRE.

Dated... 7th April 1934.

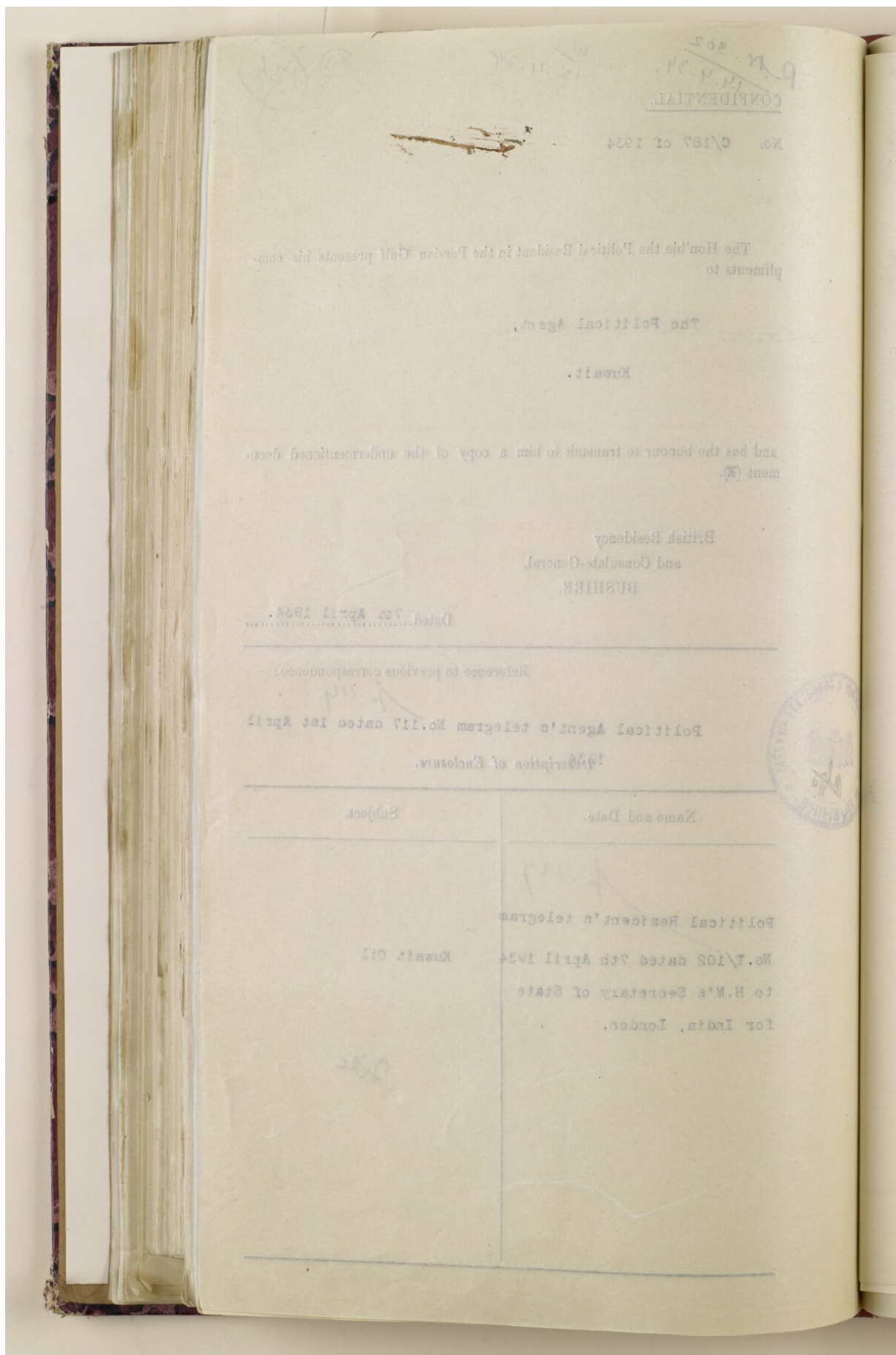
Reference to previous correspondence:

Political Agent's telegram No. 117 dated 1st April

1934
Description of Enclosure.



Name and Date.	Subject.
Political Resident's telegram No. T/102 dated 7th April 1934 to H.M's Secretary of State for India, London.	Kuwait Oil file





86/1

Telegram

XX.

From

Political Resident, at Bahrain.

To

H.M.'s Secretary of State for India,
London.

No. T/102

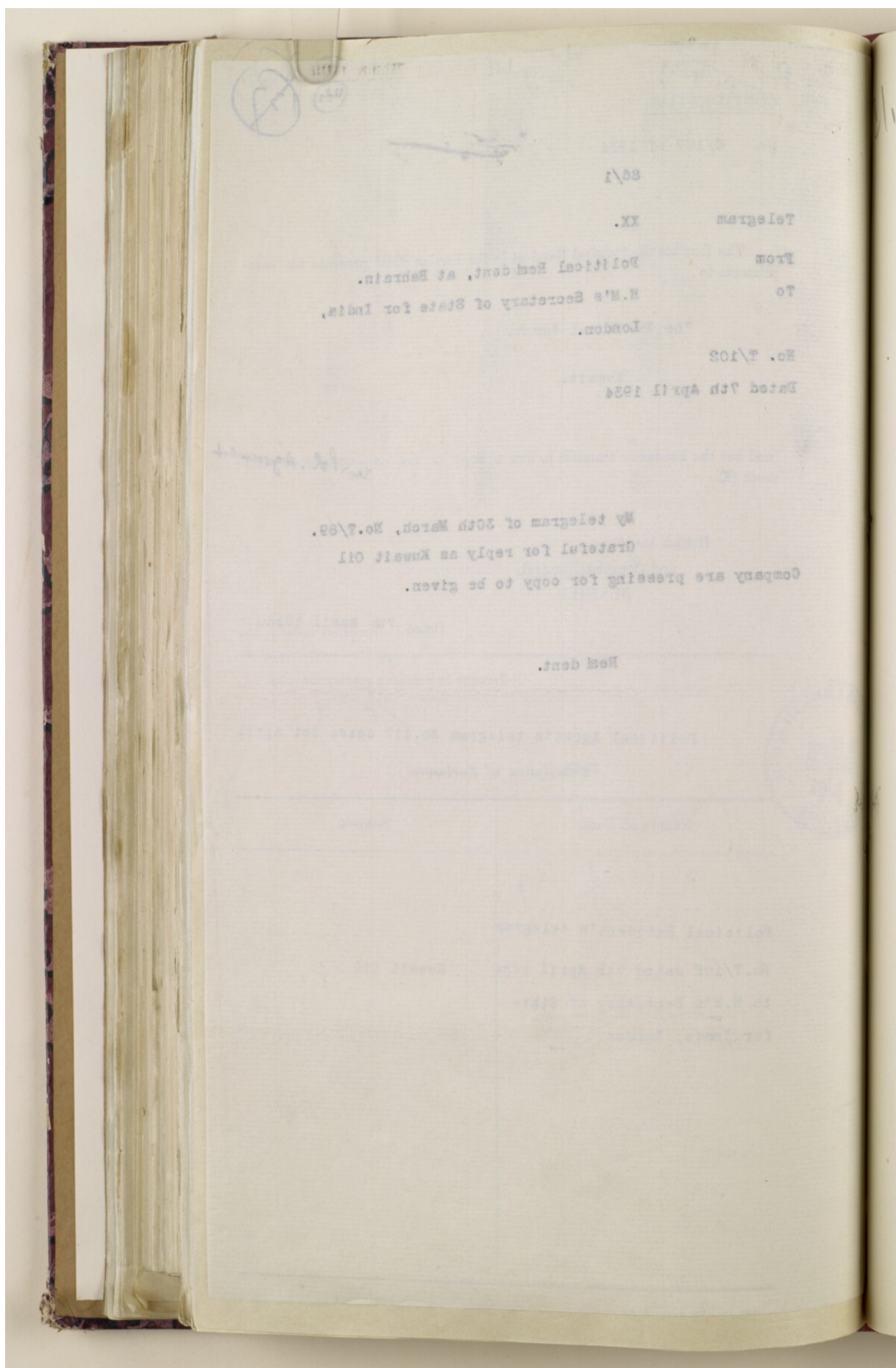
Dated 7th April 1934

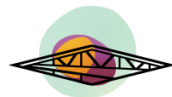
re: Pol. Agreement

My telegram of 30th March, No.T/89.

Grateful for reply as Kuwait Oil
Company are pressing for copy to be given.

Resident.





Original *in file 5/1*
Telegram I.F.O. 1927 and 1930.

From Political Resident, Bushire.

No. 139.

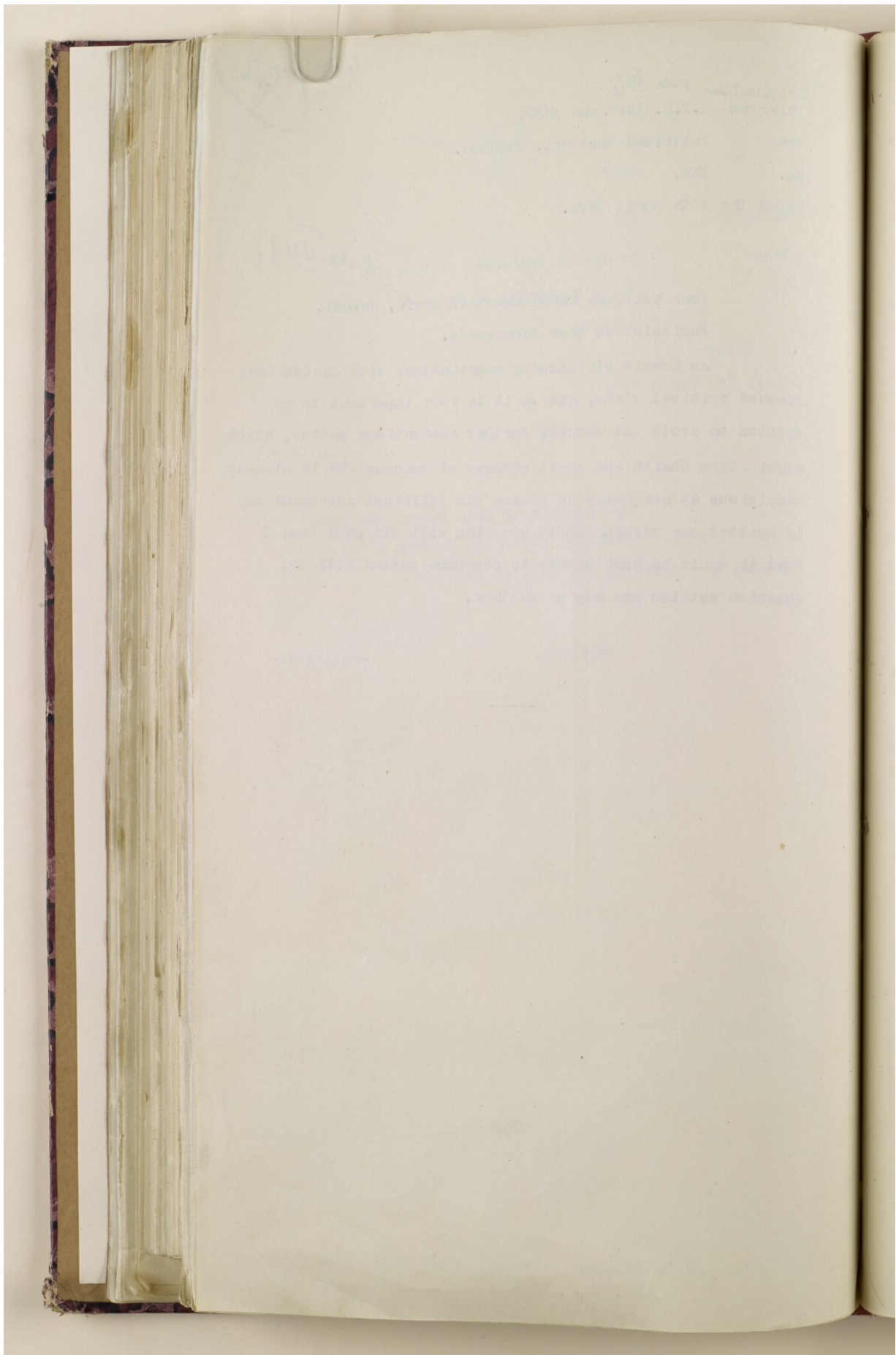
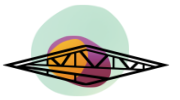
Dated the 16th April 1934.

file 5/1
Your telegram dated the 13th April, No. 381.

Jurisdiction over foreigners.

As Kuwait Oil Company negotiations with Shaikh have reached critical stage, and as it is very important in my opinion to avoid introducing further contentious matter, which might alarm Shaikh and spoil chances of success (he is already suspicious at our delay in giving him Political Agreement and is upset at our raising debts question with Bin Saud now) I feel it would be much better to postpone action till Oil question settled one way or another.

-Political-





R.N. 317
18.4.34

(146)

139

Telegram I.F.O. 1927 and 1930.
From Secretary of State for India, London.
To Political Agent, Kuwait.
No. 963.

Dated the 17th received the 18th April 1934.

Addressed to Political Resident in the Persian Gulf,
No.962, repeated to Political Agent, Kuwait, No.963, copy
by air mail to Government of India.

Your telegram of 13th instant No.379.

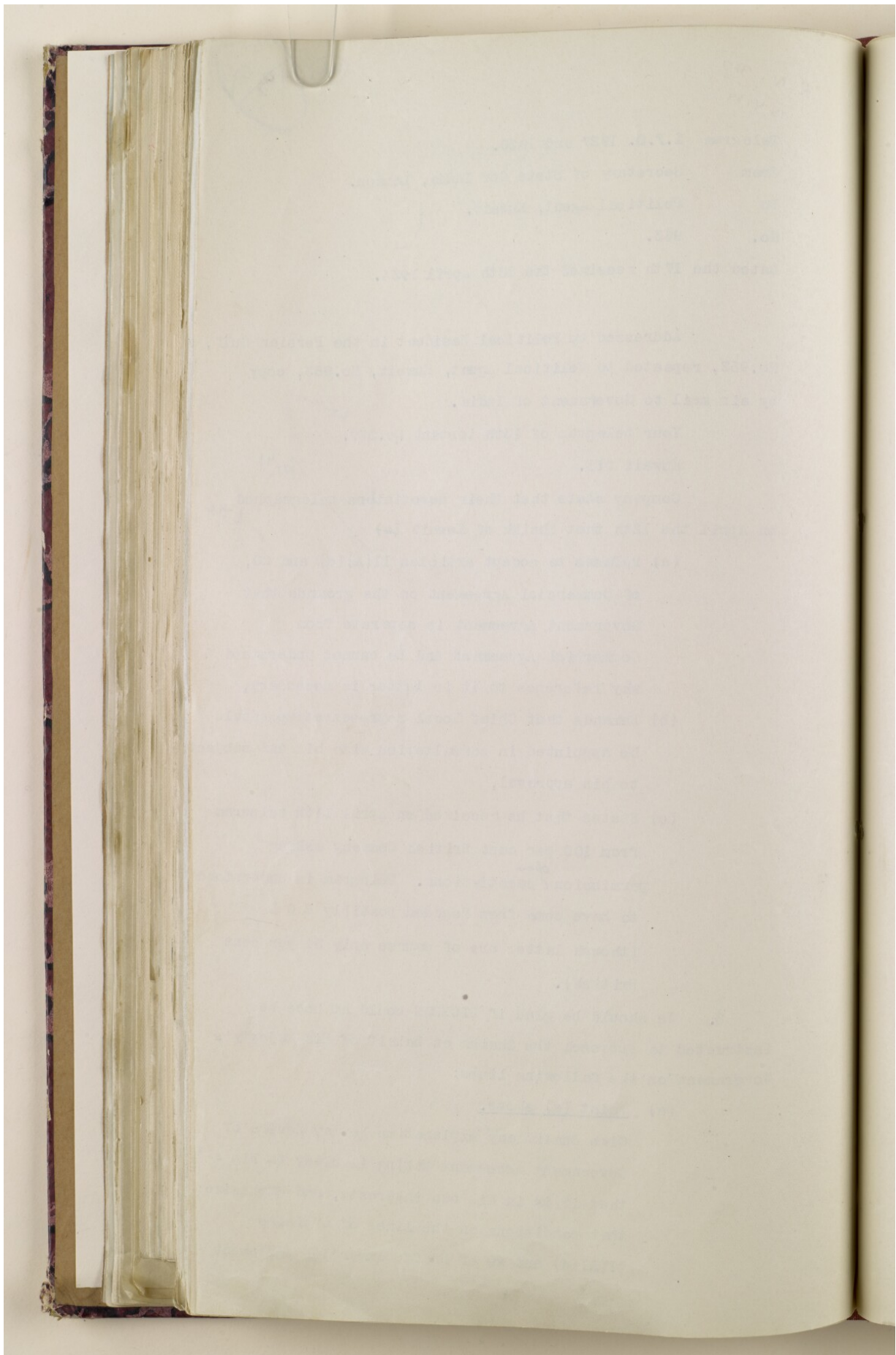
Kuwait Oil.

Company state that their negotiators telegraphed
on April the 12th that Shaikh of Kuwait (a)

- (a) refuses to accept articles 11(A)(d) and 20,
of Commercial Agreement on the grounds that
Government Agreement is separate from
Commercial Agreement and he cannot understand
why reference to it in latter is necessary,
(b) Demands that Chief Local Representative should
be appointed in consultation with him and subject
to his approval,
(c) States that he received on April 11th telegram
from 100 per cent British Company asking
permission ^{open} negotiations. Telegram is understood
to have come from Baghdad possibly B O D
(though latter are of course only 51 per cent
British).

2. We should be glad if DICKSON could at once be
instructed to approach the Shaikh on behalf of His Majesty's
Government on the following lines:

- (a) Point (a) above.
Give Shaikh any explanation he may desire of
Government Agreement making it clear to him +
that it is in his own interests, and emphasize
that conditions on the lines of articles
11(A)(d) and 20 of Draft Commercial Agreement





- 2 -

(147) 190

Agreement, will be essential condition of our approval to grant of any concession to whoever the concessionaire.

(b) Point (b) above.

On this point also we are not prepared to relinquish our own effective control, but if this would ease matters with Shaikh DICKSON may inform him that His Majesty's Government will gladly give him advance information of any appointment so that he will have opportunity of offering any comments upon it.

(c) Point (c) above.

DICKSON might ascertain position as regards alleged offer by outside Company and remind Shaikh that he is not at liberty to grant any concession without prior consent of His Majesty's Government.

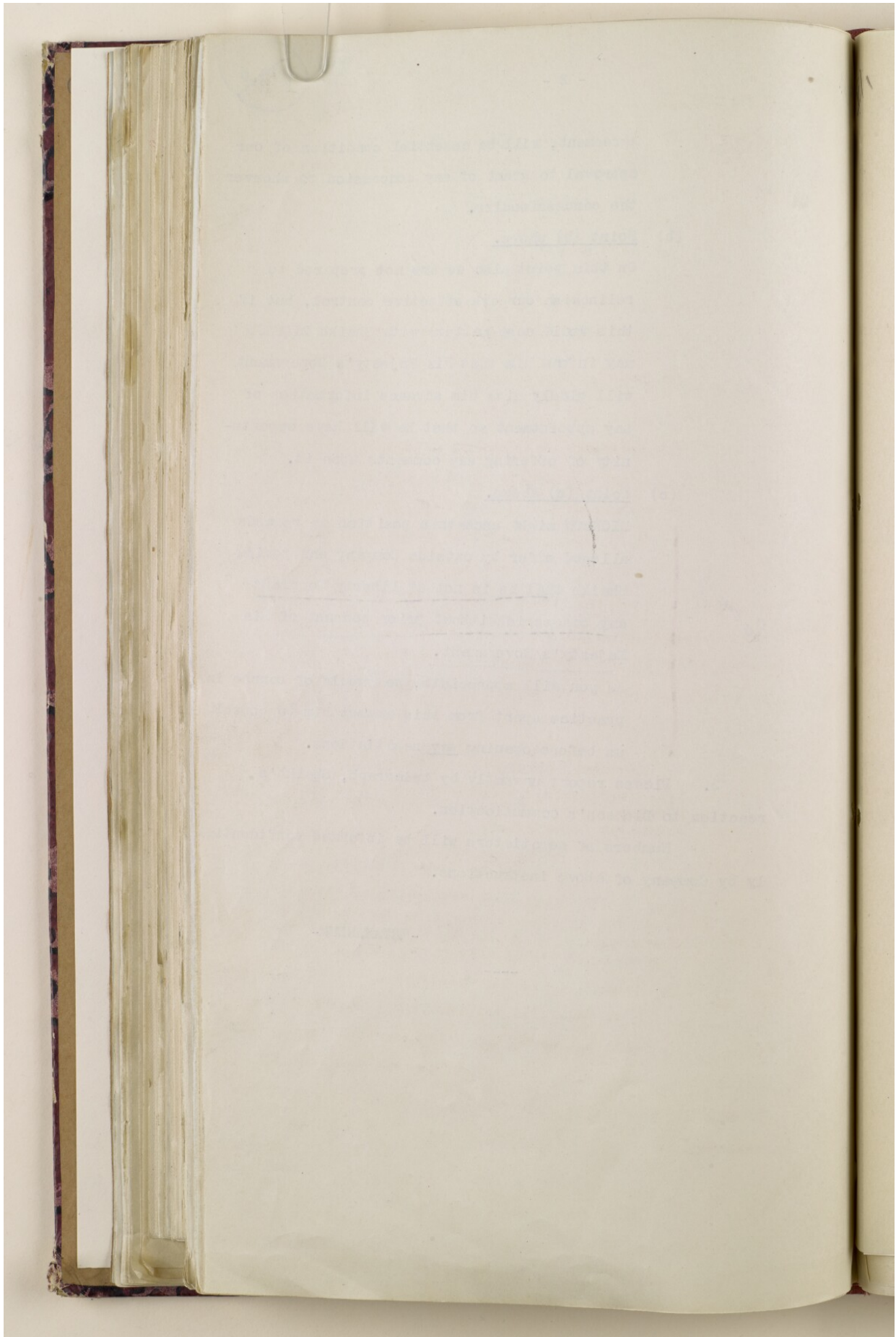
As you will appreciate, we should of course in practice apart from this expect him to consult us before opening any negotiations.

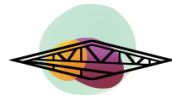
3. Please report urgently by telegraph, Shaikh's reaction to Dickson's communication.

Numbers of negotiators will be informed confidentially by Company of above instructions.

-RETAKANDUM-

See page 126





CONFIDENTIAL.

POLITICAL AGENCY,

No. C-141.

KUWAIT.

Dated the 18th April 1934.

From

Lt.-Colonel H.R.P. Dickson, C.I.E., I.A.,

Political Agent, Kuwait;

To

The Hon'ble the Political Resident

in the Persian Gulf, B u s h i r e .

Progress of Kuwait Oil Company's negotiations.

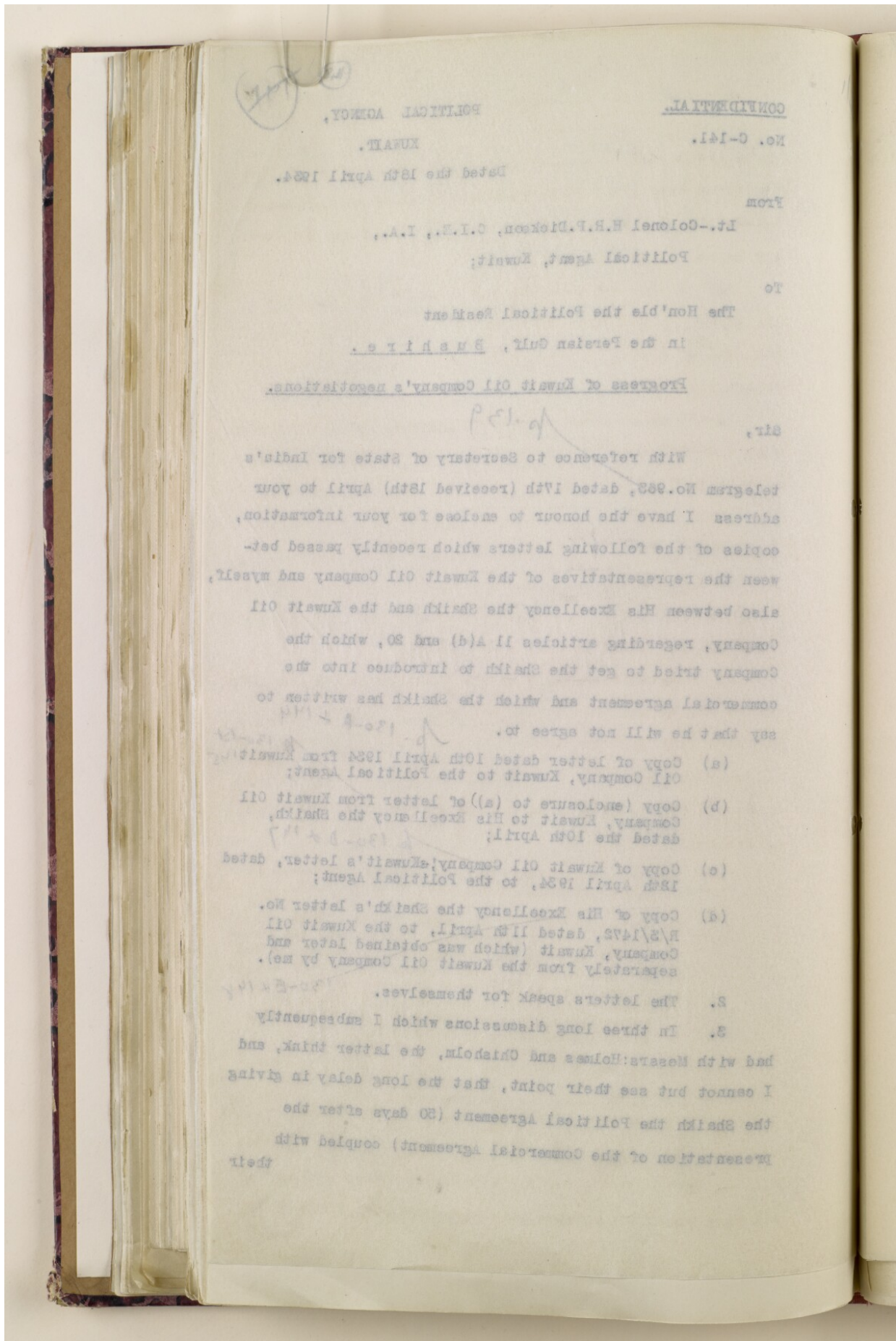
Sir,

With reference to Secretary of State for India's telegram No. 963, dated 17th (received 18th) April to your address I have the honour to enclose for your information, copies of the following letters which recently passed between the representatives of the Kuwait Oil Company and myself, also between His Excellency the Shaikh and the Kuwait Oil Company, regarding articles 11 A(d) and 20, which the Company tried to get the Shaikh to introduce into the commercial agreement and which the Shaikh has written to say that he will not agree to.

- (a) Copy of letter dated 10th April 1934 from Kuwait Oil Company, Kuwait to the Political Agent;
- (b) Copy (enclosure to (a)) of letter from Kuwait Oil Company, Kuwait to His Excellency the Shaikh, dated the 10th April;
- (c) Copy of Kuwait Oil Company's letter, dated 12th April 1934, to the Political Agent;
- (d) Copy of His Excellency the Shaikh's letter No. R/3/1472, dated 11th April, to the Kuwait Oil Company, Kuwait (which was obtained later and separately from the Kuwait Oil Company by me).

2. The letters speak for themselves.

3. In three long discussions which I subsequently had with Messrs: Holmes and Chisholm, the latter think, and I cannot but see their point, that the long delay in giving the Shaikh the Political Agreement (50 days after the presentation of the Commercial Agreement) coupled with their





- 2 -

their having had to present articles 11(A)(d) and 20 to the Shaikh 48 days after first placing the Commercial Agreement before him, filled him with the greatest suspicion and led him to act as he did.

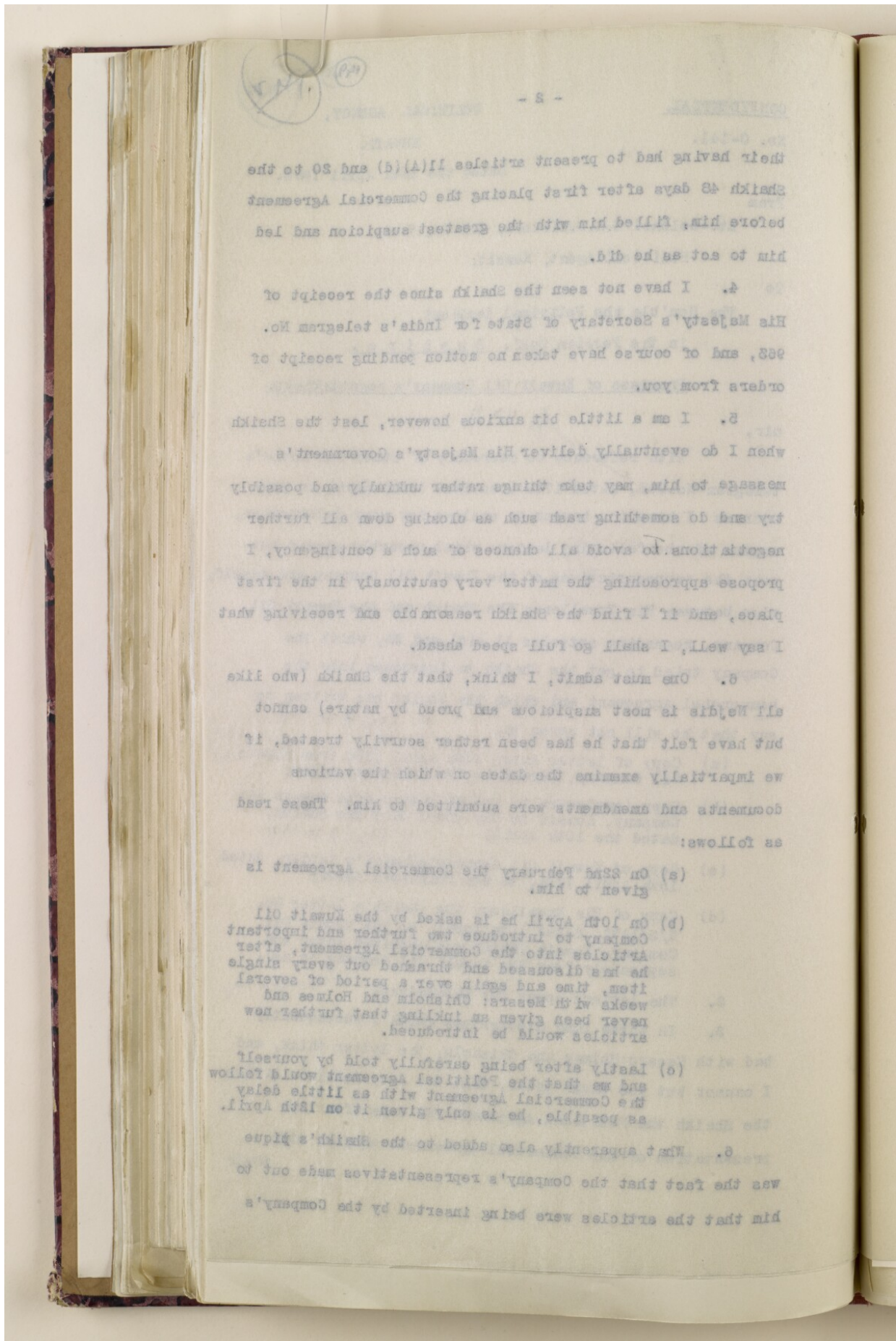
4. I have not seen the Shaikh since the receipt of His Majesty's Secretary of State for India's telegram No. 963, and of course have taken no action pending receipt of orders from you.

5. I am a little bit anxious however, lest the Shaikh when I do eventually deliver His Majesty's Government's message to him, may take things rather unkindly and possibly try and do something rash such as closing down all further negotiations. To avoid all chances of such a contingency, I propose approaching the matter very cautiously in the first place, and if I find the Shaikh reasonable and receiving what I say well, I shall go full speed ahead.

6. One must admit, I think, that the Shaikh (who like all Nejdīs is most suspicious and proud by nature) cannot but have felt that he has been rather scurvily treated, if we impartially examine the dates on which the various documents and amendments were submitted to him. These read as follows:

- (a) On 22nd February the Commercial Agreement is given to him.
- (b) On 10th April he is asked by the Kuwait Oil Company to introduce two further and important Articles into the Commercial Agreement, after he has discussed and thrashed out every single item, time and again over a period of several weeks with Messrs: Chisholm and Holmes and never been given an inkling that further new articles would be introduced.
- (c) Lastly after being carefully told by yourself and me that the Political Agreement would follow the Commercial Agreement with as little delay as possible, he is only given it on 12th April.

6. What apparently also added to the Shaikh's pique was the fact that the Company's representatives made out to him that the articles were being inserted by the Company's





- 3 -

(150)
143

Company's wish, when in reality it was His Majesty's Government's desire that they should be put in. Had the negotiators told him the truth at the time, I do not think the Shaikh would have thrown out the proposed articles as he did.

7. If the Shaikh receives my "approach" conversation in a sensible and reasonable manner (that is to say if I get him in good mood) I think I shall have little difficulty in talking him round to His Majesty's Government's point of view, but if will be necessary, I think, to avoid anything of a "minatory" or "big stick" attitude if I am to be successful.

8. If I find him "difficult" I shall go slow and leave the door open for a further talk.

9. In the meantime I shall await orders from you.

I have the honour to be,

Sir,

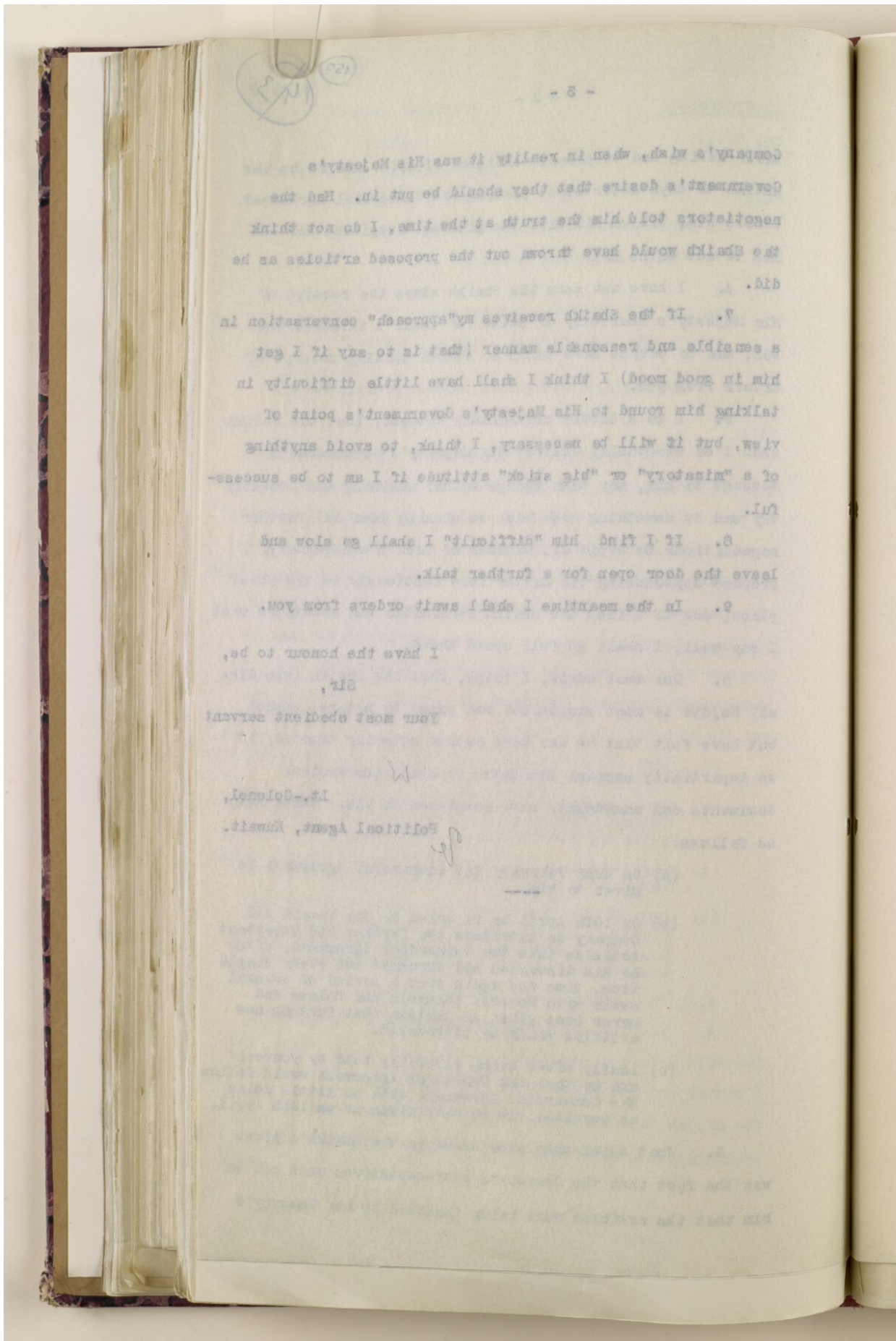
Your most obedient servant

W

Lt.-Colonel,

Political Agent, Kuwait.

Je





"A"

(151)

144

Kuwait,
Persian Gulf.
Dated the 10th April 1934.

Sir,

Further to our letter to you dated 9th March 1934,
we have the honour to enclose for your information a copy
of our letter of even date to His Excellency the Shaikh
of Kuwait.

We have the honour to be,

Sir,

Your obedient servants,

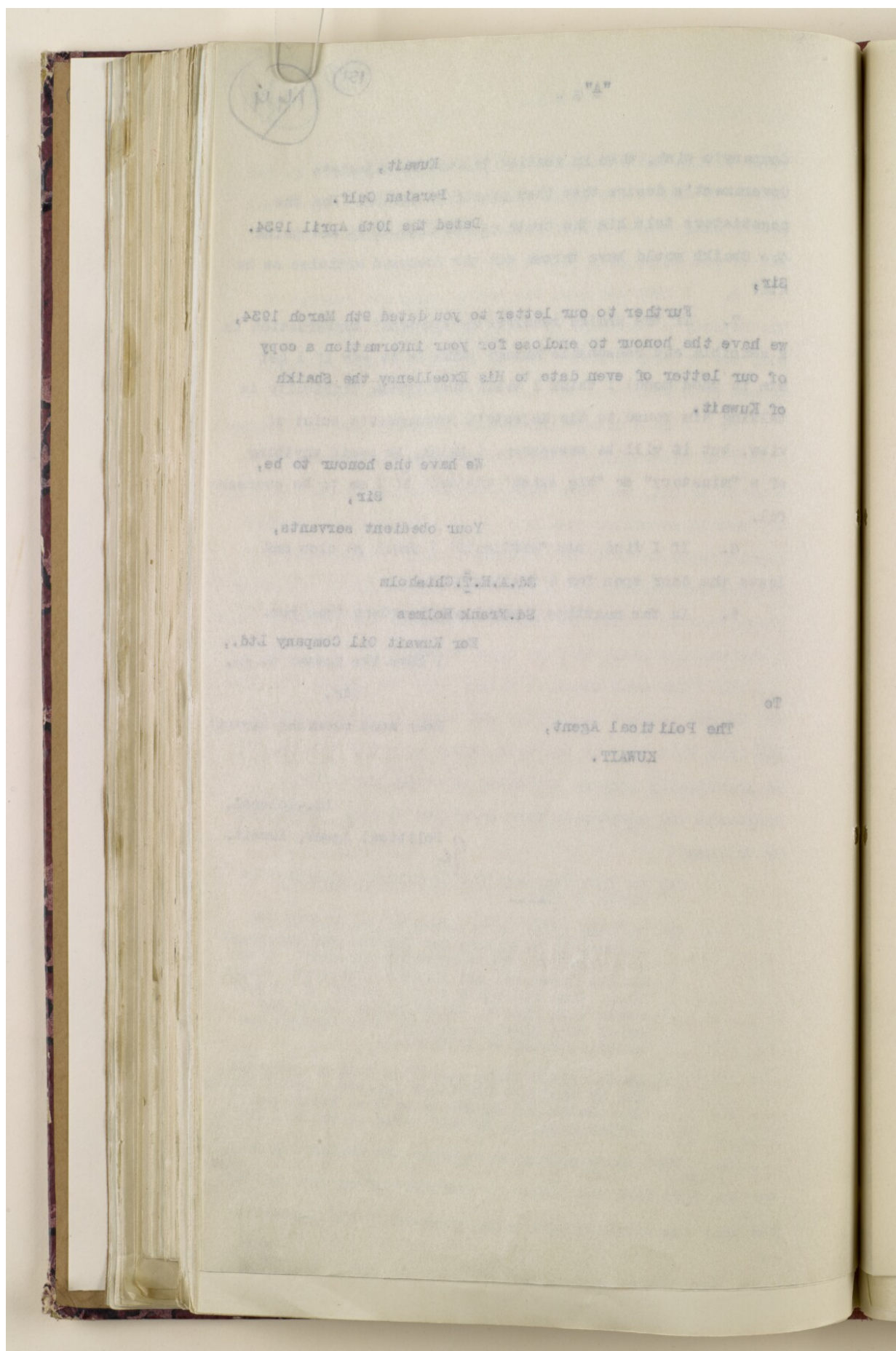
Sd.A.H.^T.Chisholm

Sd.Frank Holmes

For Kuwait Oil Company Ltd.,

To

The Political Agent,
KUWAIT.





" B "

(152)

Kuwait Oil Company Ltd.,

Kuwait, Persian Gulf.

Dated the 10th April 1934.

To

His Excellency Shaikh Sir Ahmad al Jabir
as Subah, K.C.I.E., C.S.I.,
Ruler of Kuwait, Kuwait.

Your Excellency,

After Compliments.

Our London office has informed us that the Political Resident has informed Your Excellency of an agreement which has been made between His Britannic Majesty's Government and the Kuwait Oil Company in London concerning political matters.

In accordance with the terms of that agreement our London Office wishes us to make the following two additions to our draft concession document:

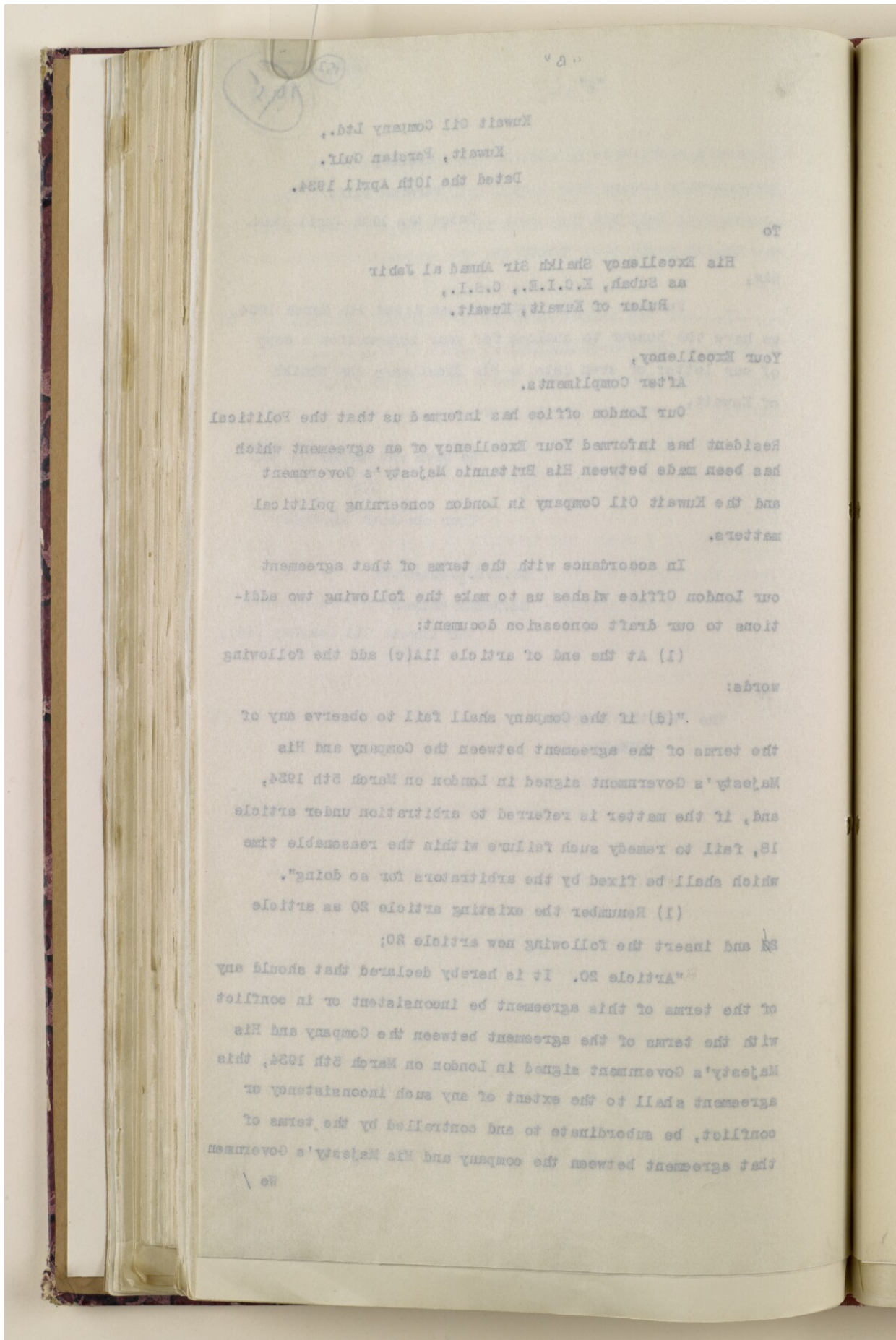
(1) At the end of article 11A(c) add the following words:

"(d) if the Company shall fail to observe any of the terms of the agreement between the Company and His Majesty's Government signed in London on March 5th 1934, and, if the matter is referred to arbitration under article 18, fail to remedy such failure within the reasonable time which shall be fixed by the arbitrators for so doing".

(1) Renumber the existing article 20 as article 21 and insert the following new article 20;

"Article 20. It is hereby declared that should any of the terms of this agreement be inconsistent or in conflict with the terms of the agreement between the Company and His Majesty's Government signed in London on March 5th 1934, this agreement shall to the extent of any such inconsistency or conflict, be subordinate to and controlled by the terms of that agreement between the company and His Majesty's Governmen

We /





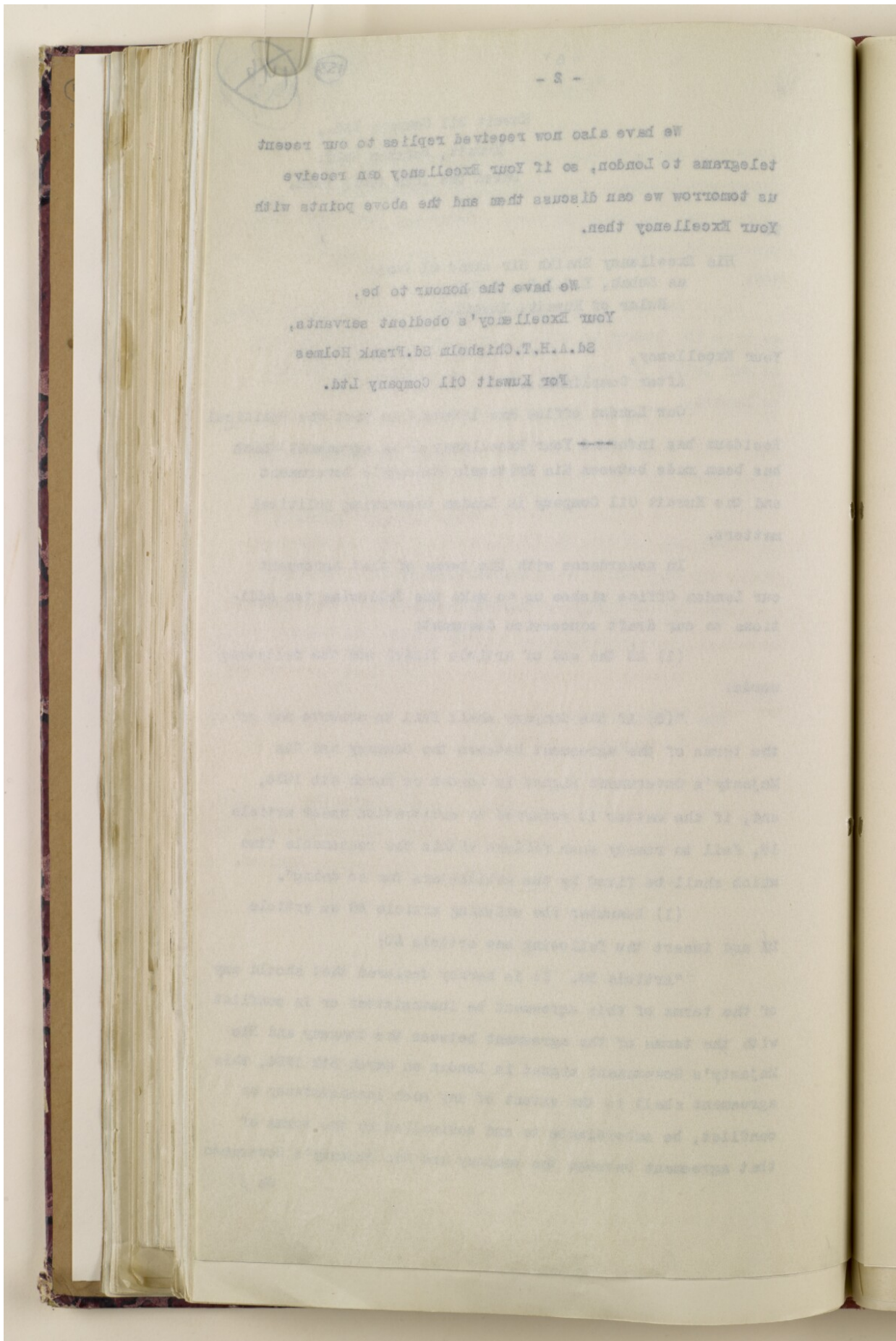
- 2 -

(153)

(146)

We have also now received replies to our recent telegrams to London, so if Your Excellency can receive us tomorrow we can discuss them and the above points with Your Excellency then.

We have the honour to be,
Your Excellency's obedient servants,
Sd.A.H.T.Chisholm Sd.Frank Holmes
For Kuwait Oil Company Ltd.





"C"

154

147

Kuwait,

Persian Gulf.

Dated 12th April 1934.

To

H.B.M.'s Political Agent,

KUWAIT.

Sir,

We have the honour to refer to our letter dated 10th April 1934, enclosing a copy of our letter of that date to His Excellency the Shaikh of Kuwait.

We wish to inform you that at our interview with His Excellency on 11th April, he refused and has since confirmed his refusal in writing, to agree the additions (relative to the H.M. Government - Kuwait Oil Company Limited Agreement) to our Concession draft.

We have informed our London Principals accordingly and await their instructions.

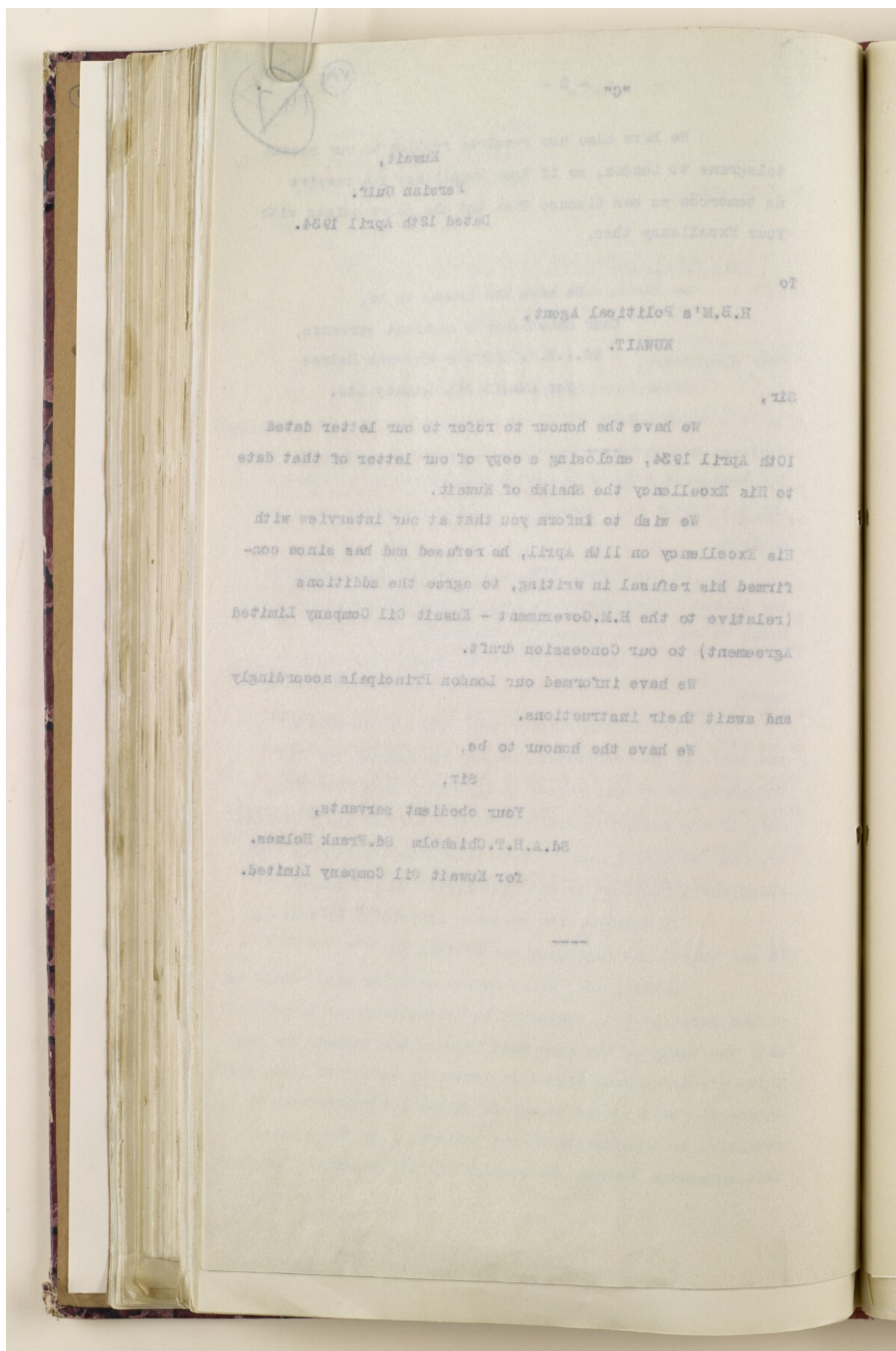
We have the honour to be,

Sir,

Your obedient servants,

Sd.A.H.T. Chisholm Sd. Frank Holmes.

for Kuwait Oil Company Limited.





Translation.

155 148
Kuwait.
26th, Dhol Hijjah 1352.
11th April 1934.

No.R/3/1472.

My Friends Major Holmes and Mr.Chisholm,
Representatives,
Kuwait Oil Company Ltd.,

After Greetings.

In reply to our letter of 25/12/52, corresponding with 10/4/34 and about the discussions that took place between us this morning, I have the pleasure to inform you with regard to the two articles mentioned in your letter under reference, that we cannot agree to them.

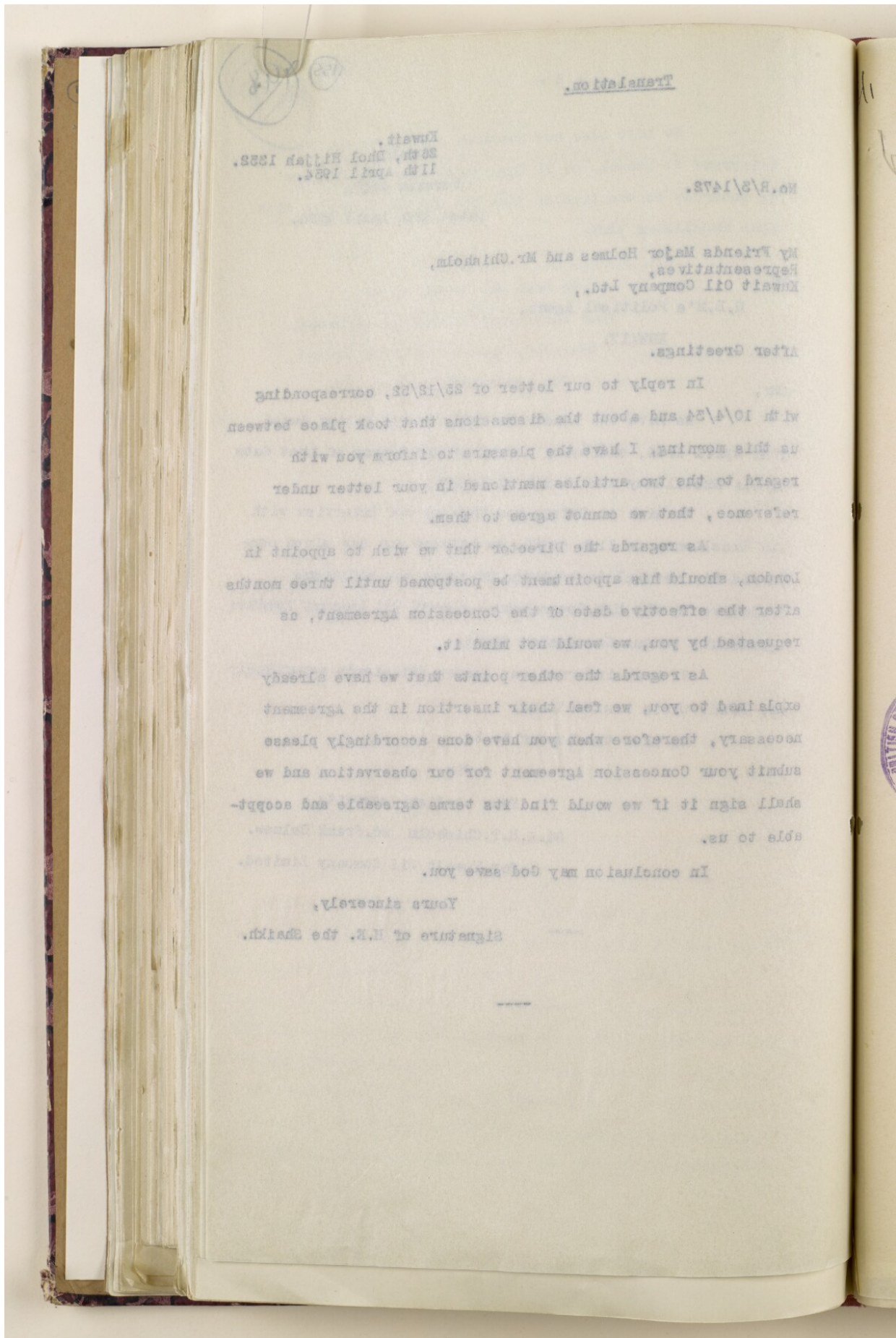
As regards the Director that we wish to appoint in London, should his appointment be postponed until three months after the effective date of the Concession Agreement, as requested by you, we would not mind it.

As regards the other points that we have already explained to you, we feel their insertion in the Agreement necessary, therefore when you have done accordingly please submit your Concession Agreement for our observation and we shall sign it if we would find its terms agreeable and acceptable to us.

In conclusion may God save you.

Yours sincerely,

Signature of H.E. the Shaikh.





CONFIDENTIAL.

No. 345-9 of 1934.

The Hon'ble the Political Resident in the Persian Gulf presents his compliments to

1. The Foreign Secretary to the Government of India, New Delhi.
2. The Political Agent, Kuwait. ✓

and has the honour to transmit to him a copy of the undermentioned document (s)/

British Residency
and Consulate-General,
BUSHIRE.

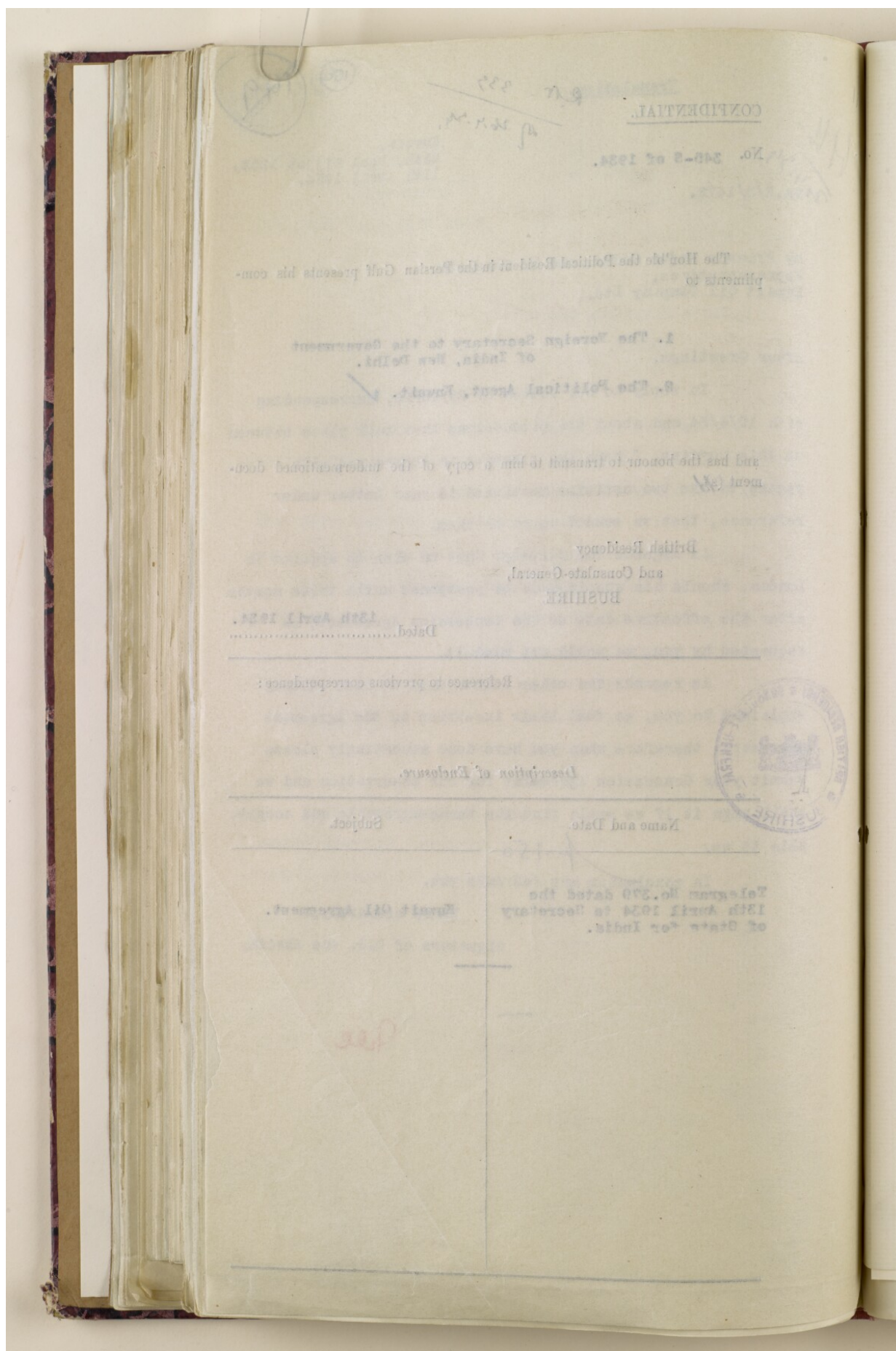
Dated. 13th April 1934.

Reference to previous correspondence:

Description of Enclosure.

Name and Date.	Subject.
Telegram No. 379 dated the 13th April 1934 to Secretary of State for India.	Kuwait Oil Agreement.

Fee





(157) ~~(150)~~

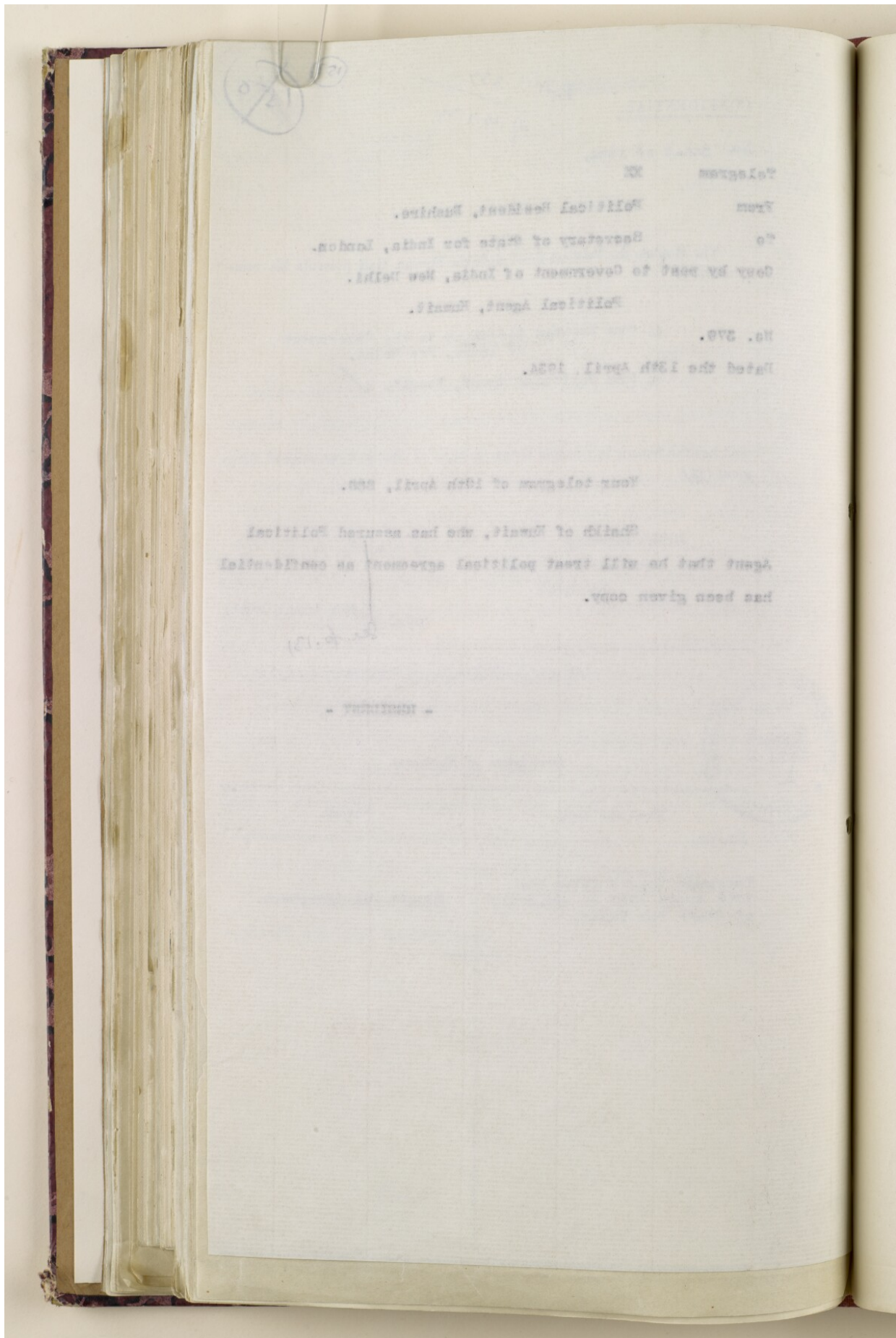
Telegram XX
From Political Resident, Bushire.
To Secretary of State for India, London.
Copy by post to Government of India, New Delhi.
 Political Agent, Kuwait.
No. 379.
Dated the 13th April, 1934.

Your telegram of 10th April, 1934.

Shaikh of Kuwait, who has assured Political
Agent that he will treat political agreement as confidential
has been given copy.

See p. 131

- RESIDENT -





R.N. 316
22.4.34

158

151

Telegram I.F.O. 1927 and 1930.

From Consul, Shiraz. (i.e. Political Resident who at Shiraz)

To Political Agent, Kuwait.

No. -

Dated the 21st April 1934.

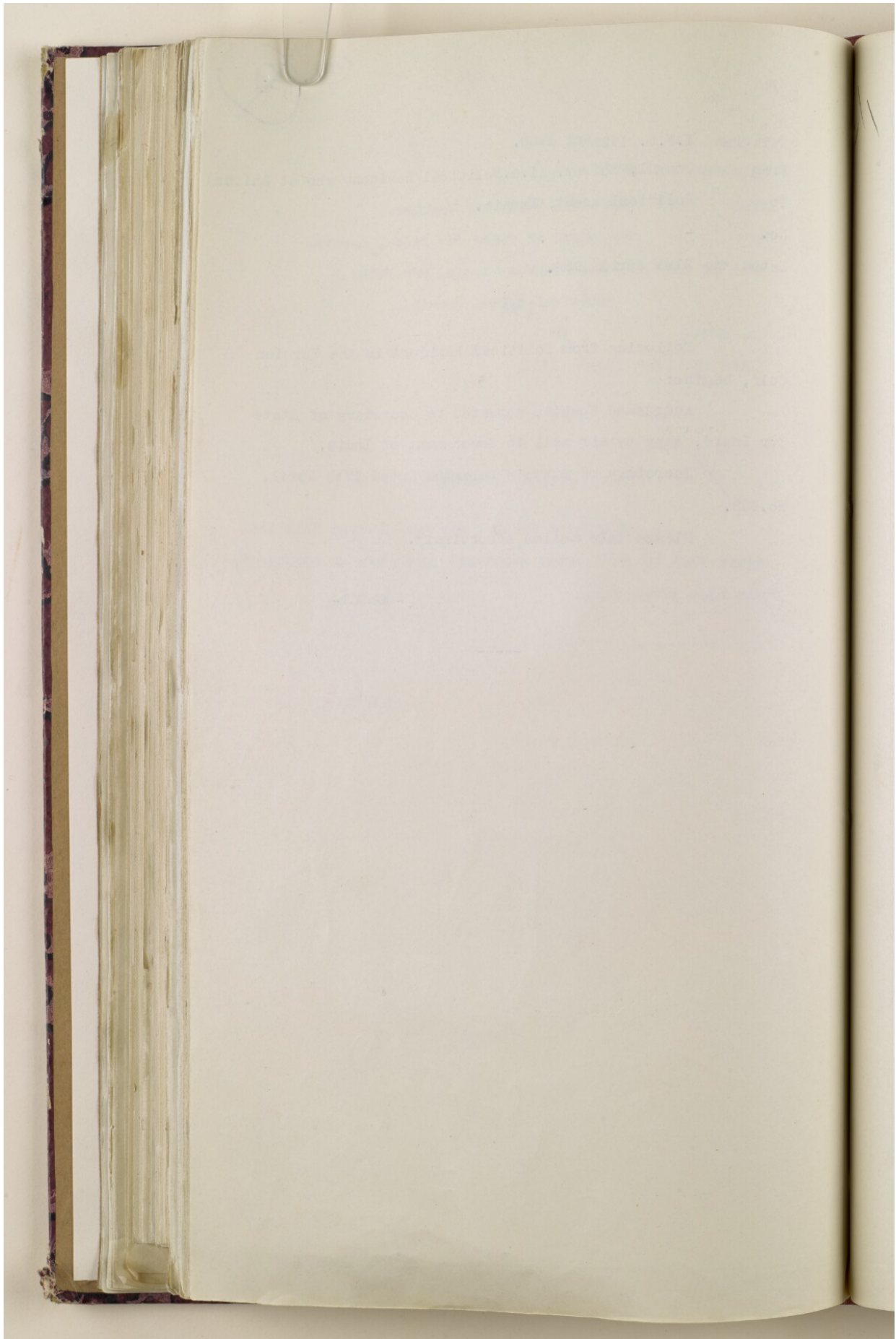
Following from Political Resident in the Persian Gulf, begins:

Addressed Kuwait, repeated to Secretary of State for India, copy by air mail to Government of India.

Secretary of State's telegram dated 17th April, No. 962.

Please take action accordingly.

-CONSUL-





Telegram I.F.O, 1927 and 1930.
From Political Agent, Kuwait.
To Political Resident in the Persian Gulf, Bushire.
No. 144.
Dated the 24th April 1934.

(154) ~~152~~

p. 139 p. 151

Your telegram from Shiraz, dated 21st April, No. Nil.
Visited Shaikh in camp yesterday and communicated
Secretary of State for India's telegram No. 962 of 17th April.

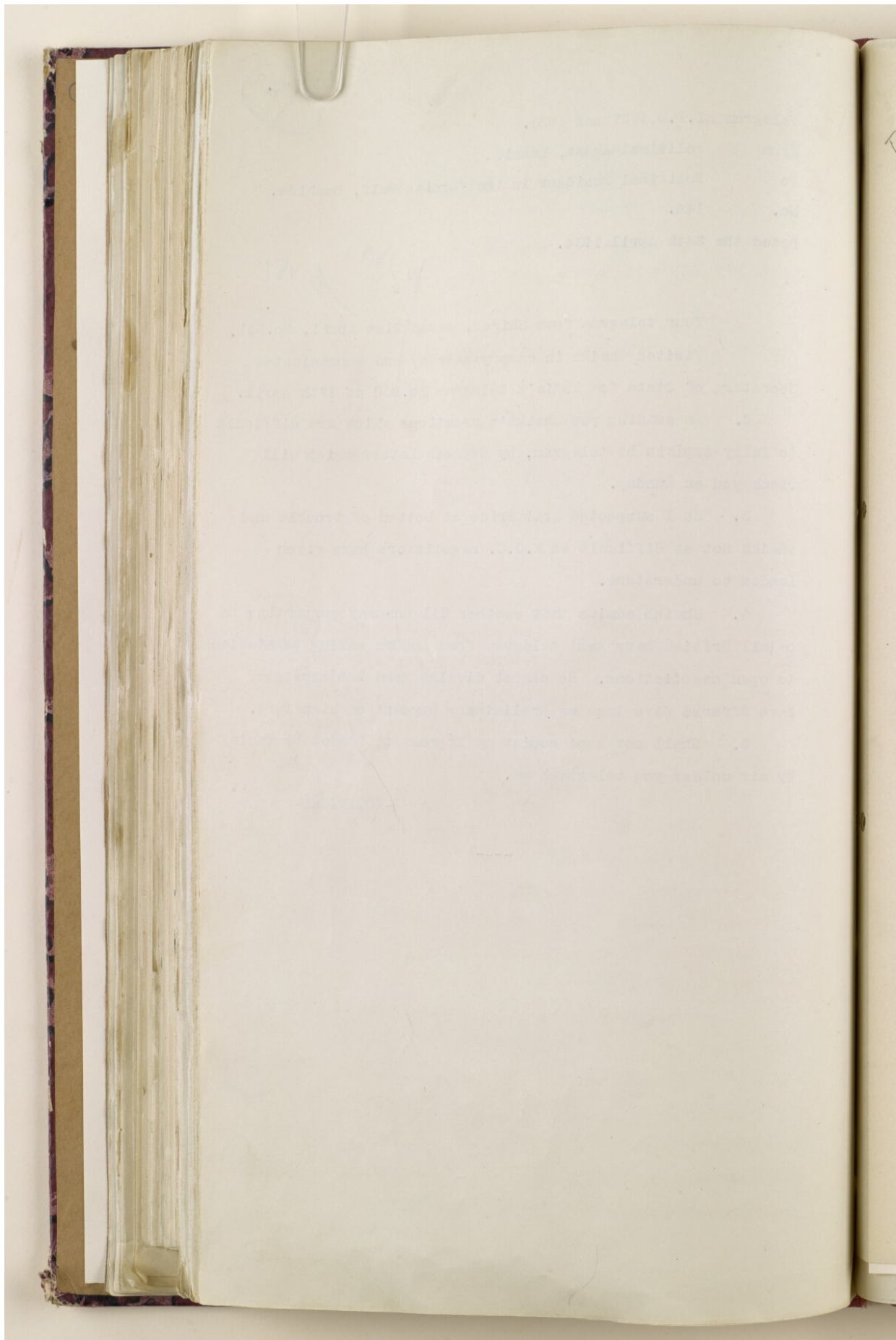
2. Am sending you Shaikh's reactions which are difficult
to fully explain by telegram, by Express Letter which will
reach you on Sunday.

3. As I suspected Arab Pride at bottom of trouble and
Shaikh not as difficult as K.O.C. negotiators have given
London to understand.

4. Shaikh admits that another Oil Company purporting to
be all British have sent telegram from London asking permission
to open negotiations. He cannot divulge name but says they
have offered five lacs as preliminary payment on signature.

5. Shall not send copies my Express to London or India
by air unless you telegraph me.

-POLITICAL-





1/1
CONFIDENTIAL.

EXPRESS LETTER.

From:- Political Agent, Kuwait;
To :- Political Resident, Bushire.

No.C-146. Dated Kuwait, the 24th April 1934.

- (a) Secretary of State for India's telegram No.962, dated 17th April;
(b) Political Resident's telegram, dated Shiraz, the 21st April, No.Nil.
(c) Kuwait Confidential Despatch No.C-141 of 18th April 1934."

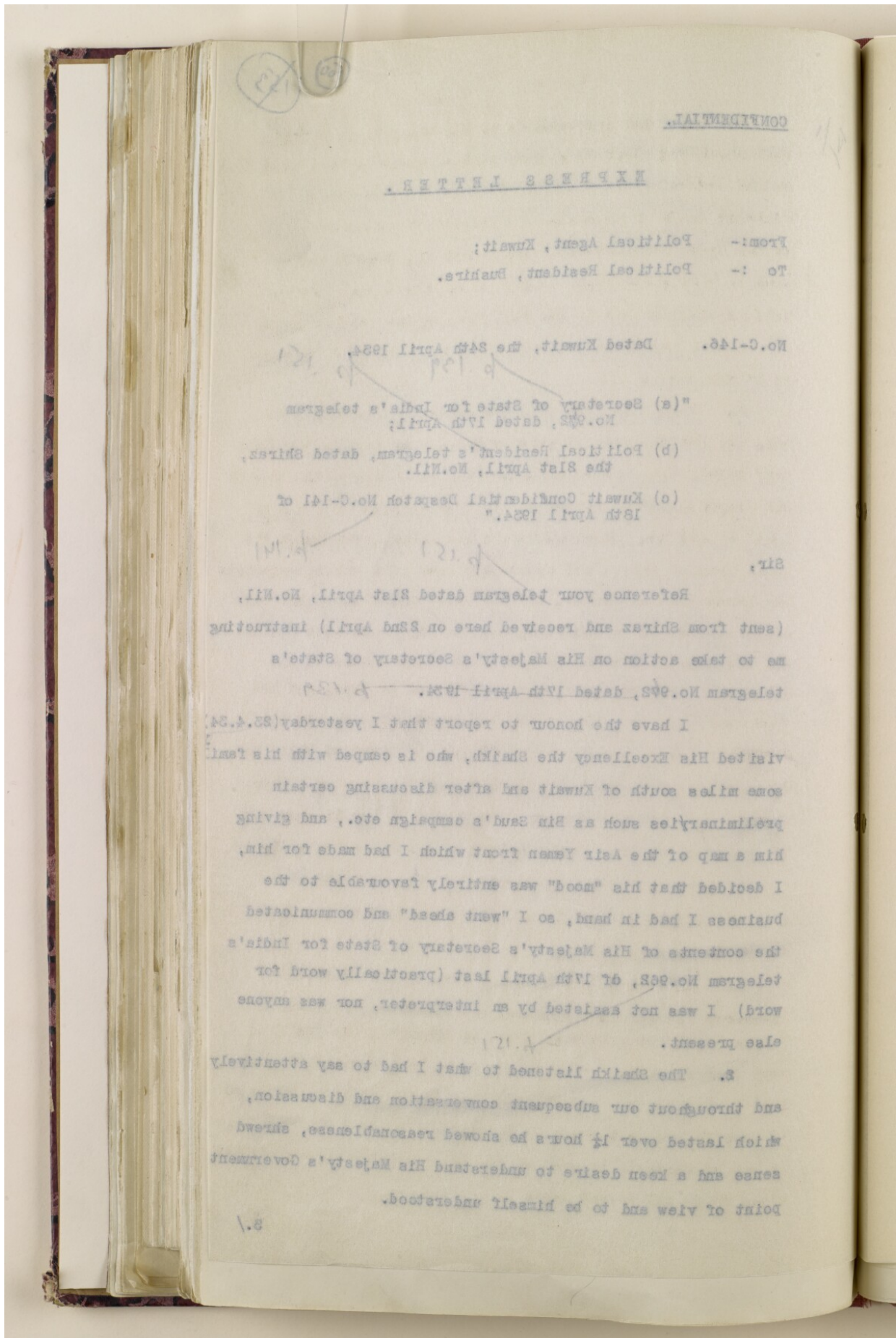
Sir,

Reference your telegram dated 21st April, No.Nil, (sent from Shiraz and received here on 22nd April) instructing me to take action on His Majesty's Secretary of State's telegram No.962, dated 17th April 1934.

I have the honour to report that I yesterday (23.4.34) visited His Excellency the Shaikh, who is camped with his family some miles south of Kuwait and after discussing certain preliminaryies such as Bin Saud's campaign etc., and giving him a map of the Asir Yemen front which I had made for him, I decided that his "mood" was entirely favourable to the business I had in hand, so I "went ahead" and communicated the contents of His Majesty's Secretary of State for India's telegram No.962, of 17th April last (practically word for word) I was not assisted by an interpreter, nor was anyone else present.

2. The Shaikh listened to what I had to say attentively and throughout our subsequent conversation and discussion, which lasted over 1½ hours he showed reasonableness, shrewd sense and a keen desire to understand His Majesty's Government point of view and to be himself understood.

3./





- 2 -

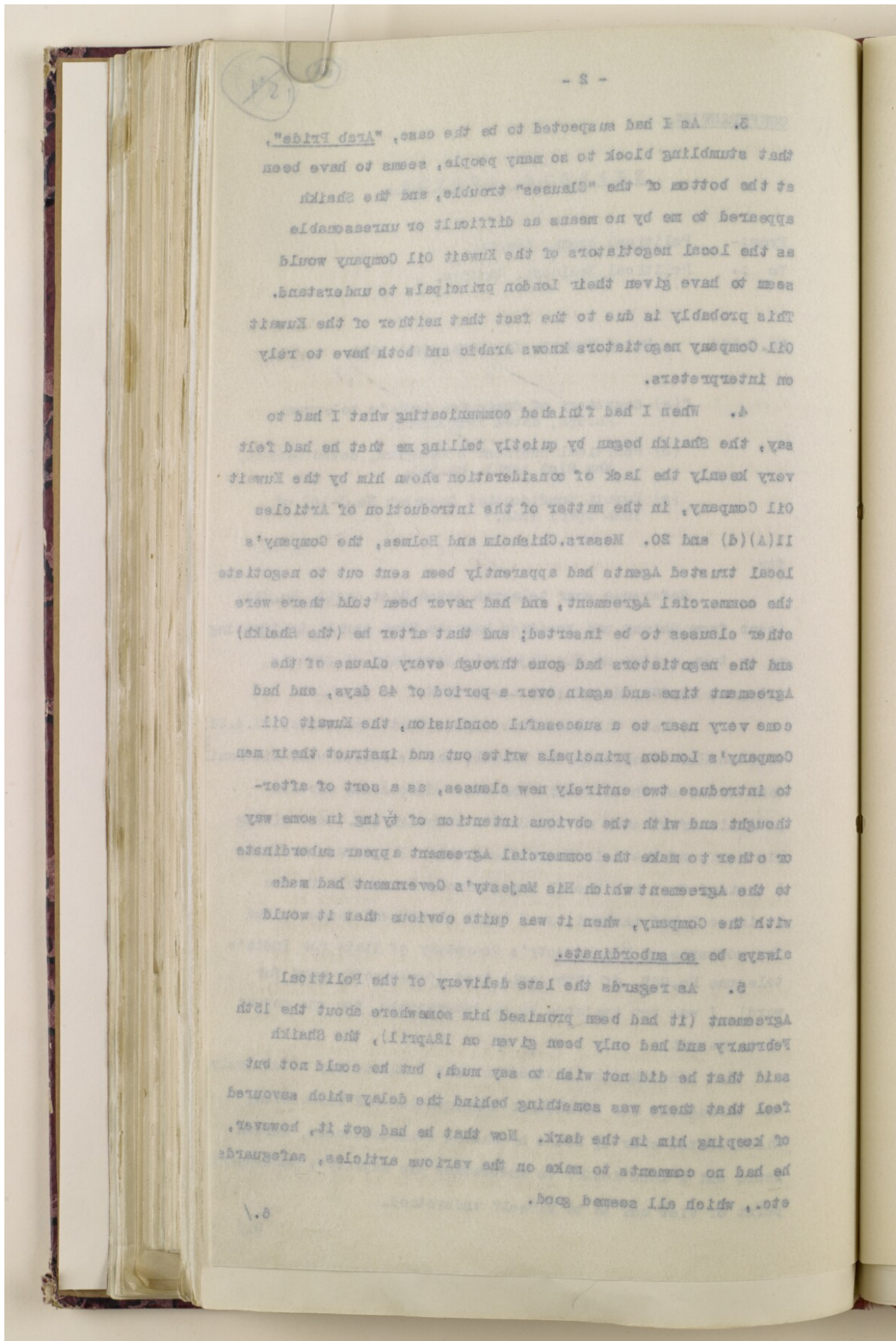
(161) 154

3. As I had suspected to be the case, "Arab Pride", that stumbling block to so many people, seems to have been at the bottom of the "Clauses" trouble, and the Shaikh appeared to me by no means as difficult or unreasonable as the local negotiators of the Kuwait Oil Company would seem to have given their London principals to understand. This probably is due to the fact that neither of the Kuwait Oil Company negotiators knows Arabic and both have to rely on interpreters.

4. When I had finished communicating what I had to say, the Shaikh began by quietly telling me that he had felt very keenly the lack of consideration shown him by the Kuwait Oil Company, in the matter of the introduction of Articles 11(A)(d) and 20. Messrs. Chisholm and Holmes, the Company's local trusted Agents had apparently been sent out to negotiate the commercial Agreement, and had never been told there were other clauses to be inserted; and that after he (the Shaikh) and the negotiators had gone through every clause of the Agreement time and again over a period of 48 days, and had come very near to a successful conclusion, the Kuwait Oil Company's London principals write out and instruct their men to introduce two entirely new clauses, as a sort of after-thought and with the obvious intention of tying in some way or other to make the commercial Agreement appear subordinate to the Agreement which His Majesty's Government had made with the Company, when it was quite obvious that it would always be so subordinate.

5. As regards the late delivery of the Political Agreement (it had been promised him somewhere about the 15th February and had only been given on 12 April), the Shaikh said that he did not wish to say much, but he could not but feel that there was something behind the delay which savoured of keeping him in the dark. Now that he had got it, however, he had no comments to make on the various articles, safeguards etc., which all seemed good.

6./





- 3 -

6. The Shaikh then turned to points (a), (b) and (c) of the Secretary of States telegram under reference, and I give below and in some detail his reactions.

(a) Insertion of Articles 11(A)(d) and 20.

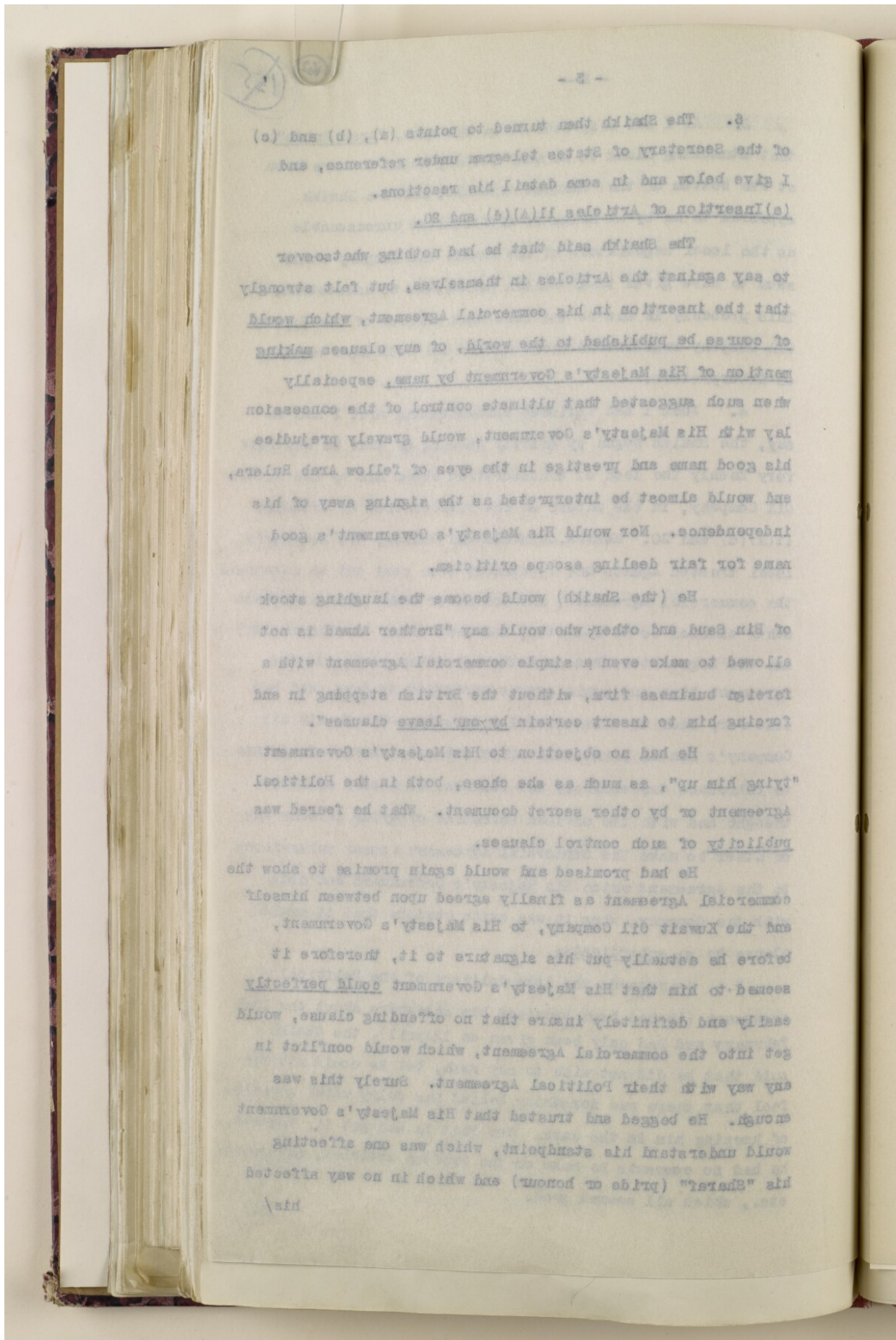
The Shaikh said that he had nothing whatsoever to say against the Articles in themselves, but felt strongly that the insertion in his commercial Agreement, which would of course be published to the world, of any clauses making mention of His Majesty's Government by name, especially when such suggested that ultimate control of the concession lay with His Majesty's Government, would gravely prejudice his good name and prestige in the eyes of fellow Arab Rulers, and would almost be interpreted as the signing away of his independence. Nor would His Majesty's Government's good name for fair dealing escape criticism.

He (the Shaikh) would become the laughing stock of Bin Saud and others who would say "Brother Ahmad is not allowed to make even a simple commercial Agreement with a foreign business firm, without the British stepping in and forcing him to insert certain by your leave clauses".

He had no objection to His Majesty's Government "tying him up", as much as she chose, both in the Political Agreement or by other secret document. What he feared was publicity of such control clauses.

He had promised and would again promise to show the commercial Agreement as finally agreed upon between himself and the Kuwait Oil Company, to His Majesty's Government, before he actually put his signature to it, therefore it seemed to him that His Majesty's Government could perfectly easily and definitely insure that no offending clause, would get into the commercial Agreement, which would conflict in any way with their Political Agreement. Surely this was enough. He begged and trusted that His Majesty's Government would understand his standpoint, which was one affecting his "Sharaf" (pride or honour) and which in no way affected

his/





- 4 -

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156

his loyalty, or his desire to please His Majesty's Government.
(b) Local Representative.

The negotiators had clearly misunderstood him, said the Shaikh. All that he had wished to insure (in making his verbal request to the negotiators) was that he should not be "ridden rough shod over" (his words) and that a person who was ignorant of the Arabic language, or Arab Customs or was actually a persona non grata to himself, should not be appointed as the Company's local Representative. He merely desired that the selection of such local Representative should be made by His Majesty's Government and the Company in full consultation with himself, and that if he did not like a man or conversely liked a particular person, some notice should be taken of his wishes. This, said the Shaikh, was after all his undoubted right as Ruler of the State and as the "granter of the concession".

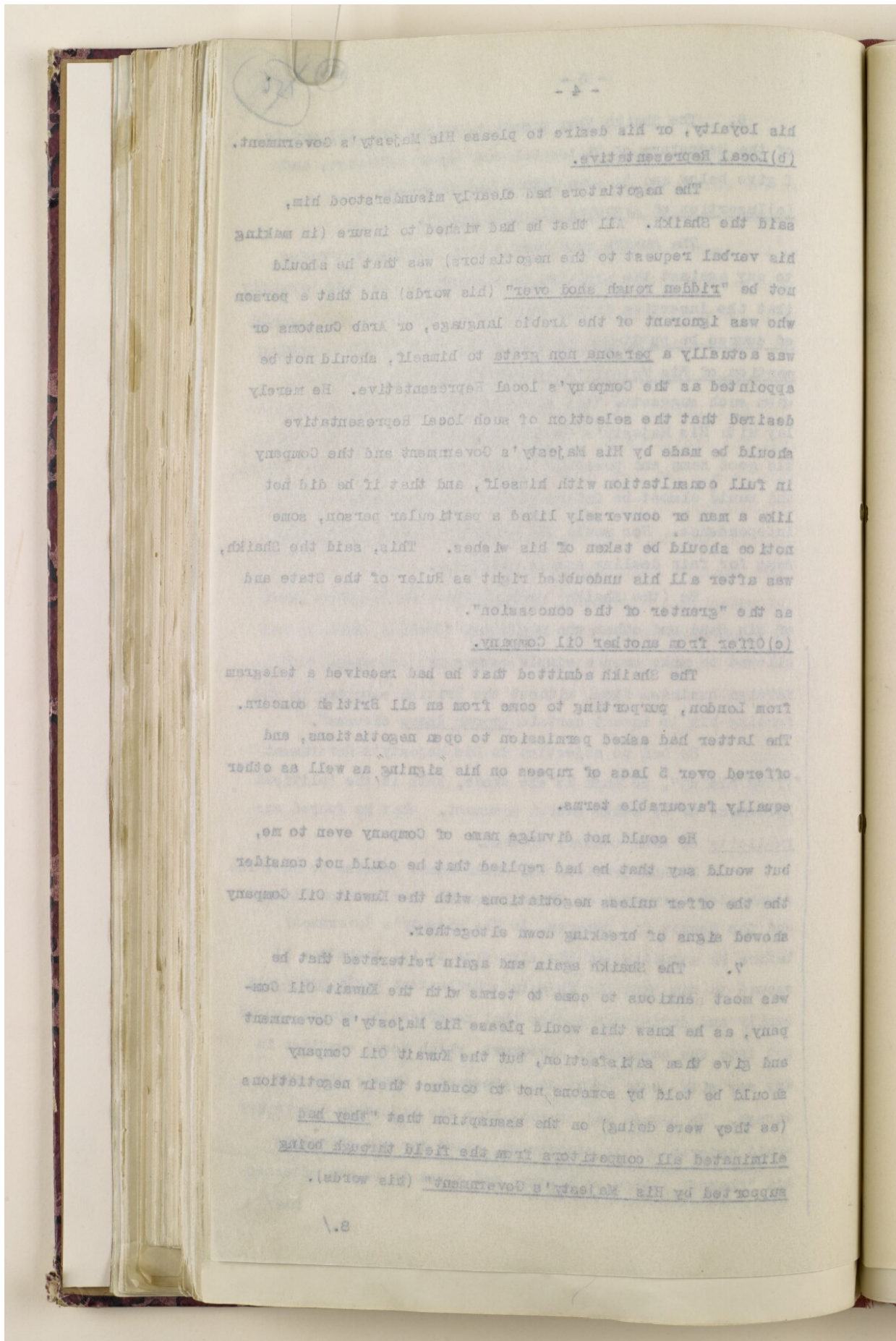
(c) Offer from another Oil Company.

The Shaikh admitted that he had received a telegram from London, purporting to come from an all British concern. The latter had asked permission to open negotiations, and offered over 5 lacs of rupees on his "signing" as well as other equally favourable terms.

He could not divulge name of Company even to me, but would say that he had replied that he could not consider the the offer unless negotiations with the Kuwait Oil Company showed signs of breaking down altogether.

7. The Shaikh again and again reiterated that he was most anxious to come to terms with the Kuwait Oil Company, as he knew this would please His Majesty's Government and give them satisfaction, but the Kuwait Oil Company should be told by someone not to conduct their negotiations (as they were doing) on the assumption that "they had eliminated all competitors from the field through being supported by His Majesty's Government" (his words).

8./





- 5 -

8. The Shaikh went on to say that unless the Kuwait Oil Company hurried up and settled matters, other companies would clearly very shortly be coming along as competitors, all with good British credentials.

9. The Shaikh finally assured me that he perfectly well understood that only an all British or a 50/50 British Company would be allowed by His Majesty's Government to compete for the Kuwait Oil Concession, and said that the Standard Oil Company of California were out of the picture altogether and that I need not fear them.

10. Before leaving, I asked the Shaikh if he could not possibly as a personal favour to me and because he knew I wished him well, agree to the insertion of Article 11(A)(d) and 20, or at least one of them. I (rather unfairly perhaps) stressed the fact that by doing so, he would be winning His Majesty's Government's entire approbation.

The Shaikh in reply and with some emotion said he could not, and would prefer to have no Oil Concession at all than act against his own and his family's interests.

I have the honour to be,

Sir,

Your most obedient servant,

W

Lt.-Colonel,

Political Agent, Kuwait.

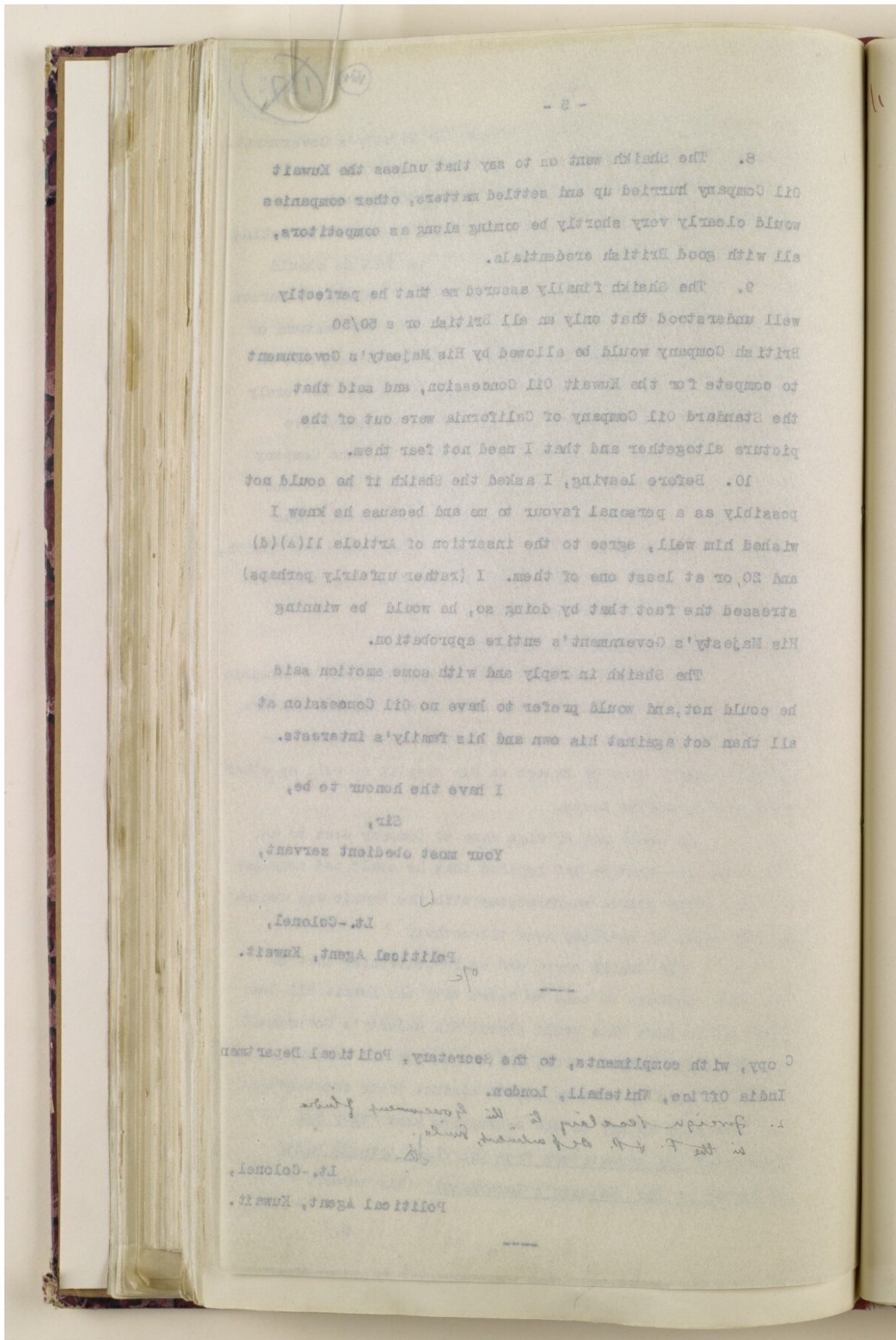
ofc

C opy, with compliments, to the Secretary, Political Department
India Office, Whitehall, London.

2. *Foreign Secretary to the Government of India
in the F. & P. Department, Simla.*

Lt.-Colonel,

Political Agent, Kuwait.





11

R.N. 340
26.4.34.

Telegram I.F.O. 1927 and 1930.
From Resident, Bushire.
To Political Agent, Kuwait.
No. 411.
Dated the 25th April 1934.

IMMEDIATE.

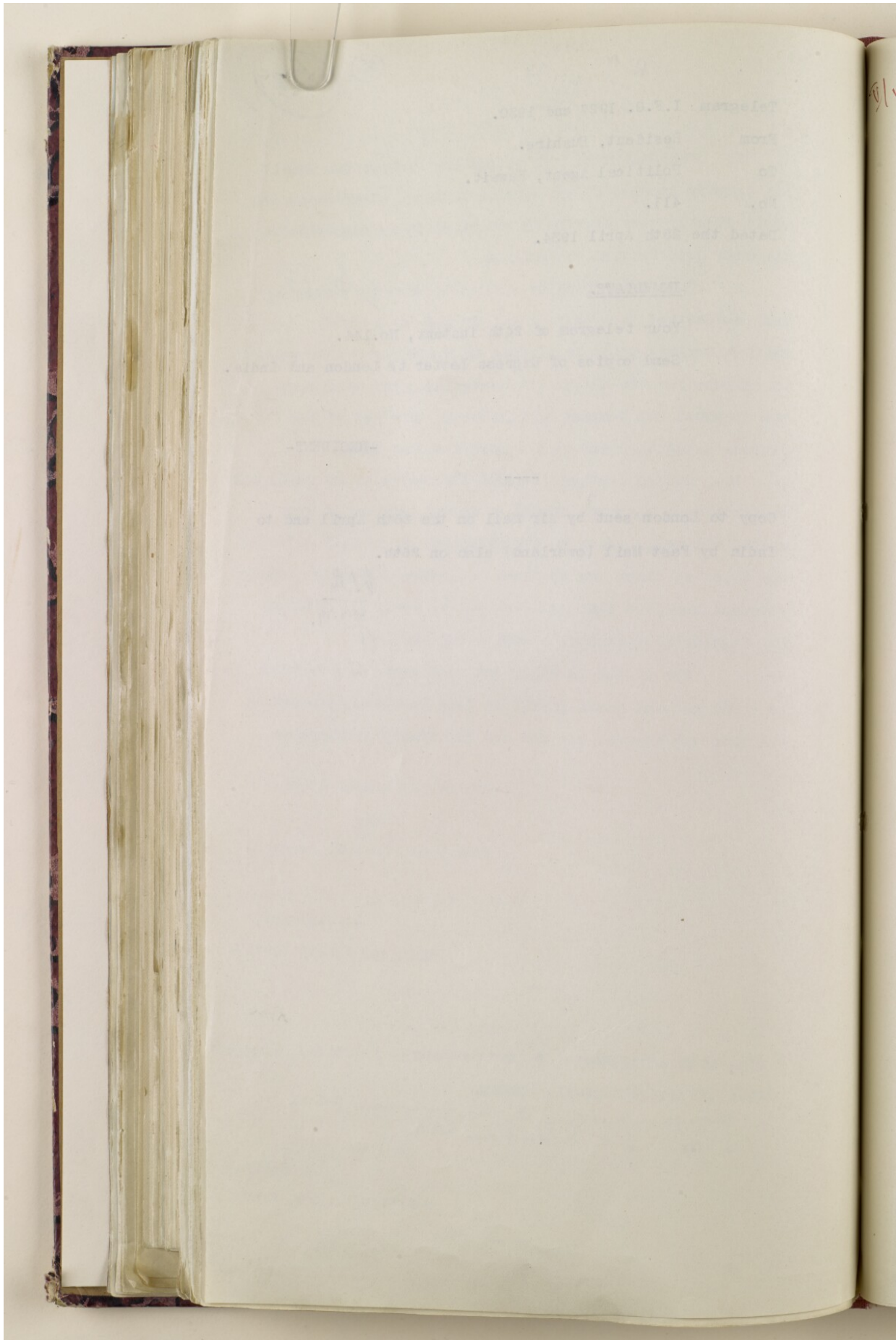
p. 152

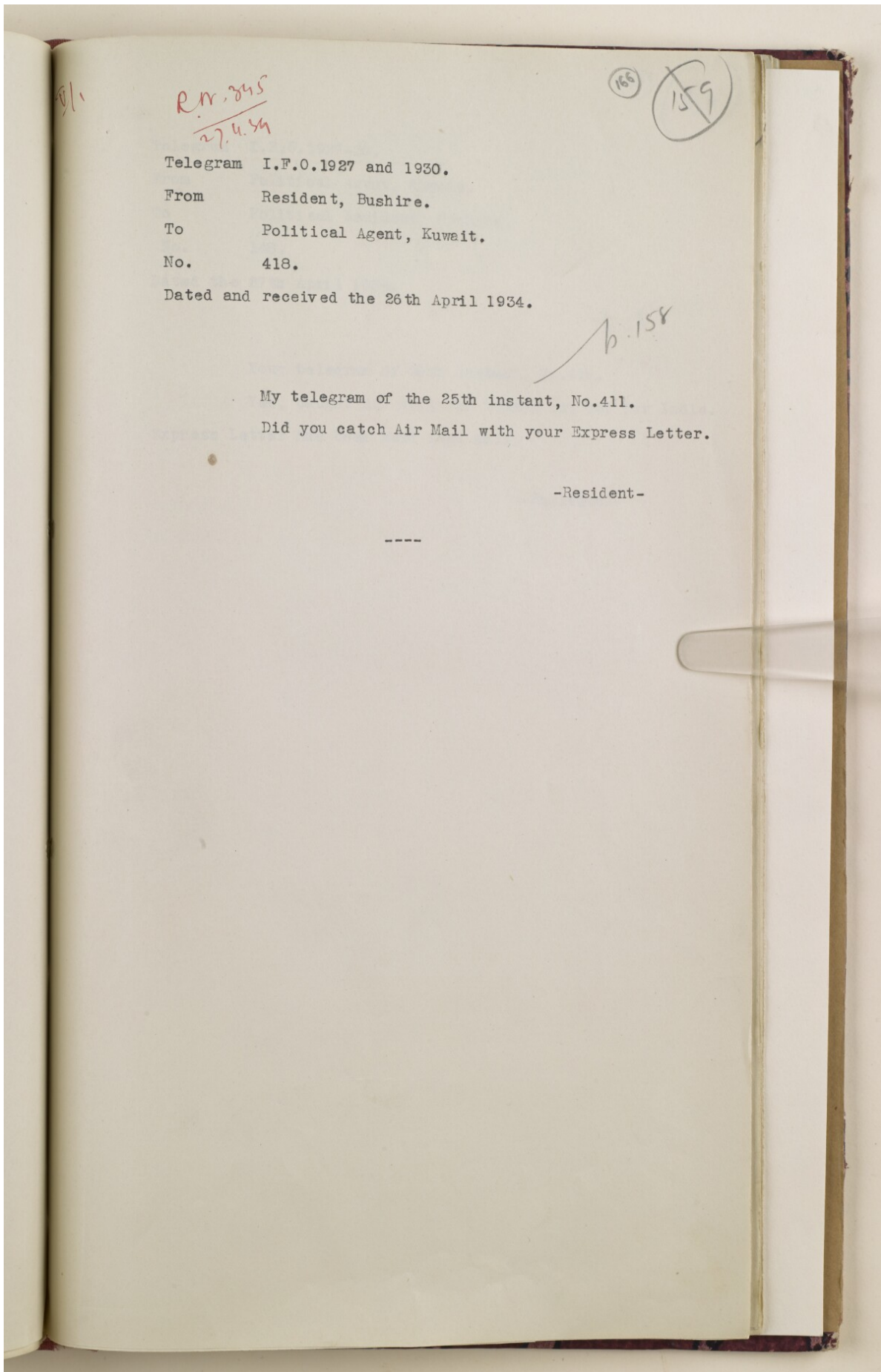
Your telegram of 24th instant, No. 144.
Send copies of Express Letter to London and India.

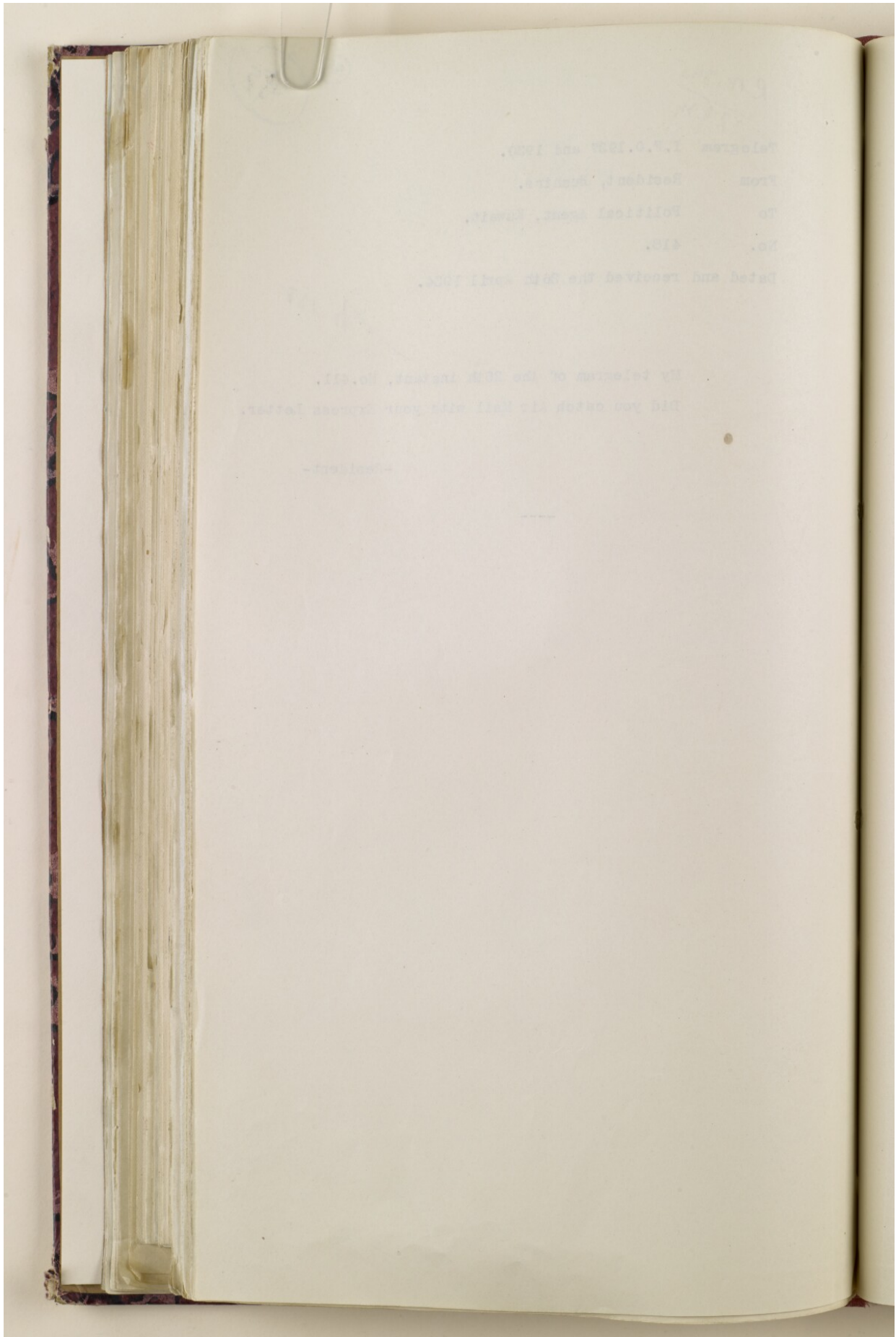
-RESIDENT-

Copy to London sent by Air Mail on the 26th April and to
India by Fast Mail (overland) also on 26th.

H. H.
26.4.34.









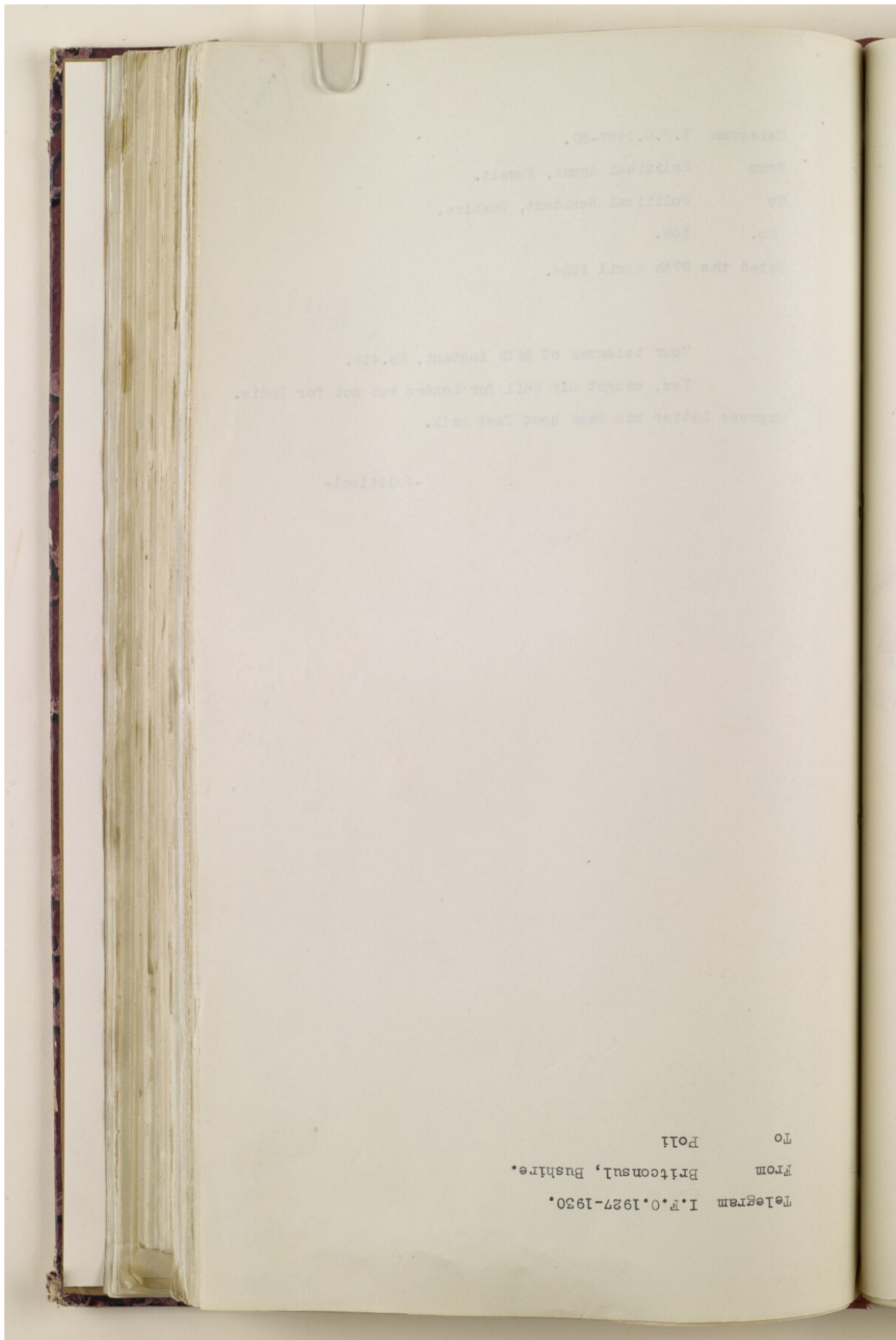
Telegram I.F.O.1927-30.
From Political Agent, Kuwait.
To Political Resident, Bushire.
No. 148.
Dated the 27th April 1934.

(167) 160

p.159

Your telegram of 26th instant, No.418.
Yes, caught Air Mail for London but not for India.
Express Letter has been sent fast mail.

-Political-



Telegram I.F.O. 1927-1930.
From Britconsul, Bushire.
To Poll



R.N. 358
29.4.34.

(168)

(161)

Telegram I.F.O. 1927 and 1930.

From Secretary of State for India, London.

To Political Agent, Kuwait.

No. 1084.

Dated the 27th received the 28th April 1934.

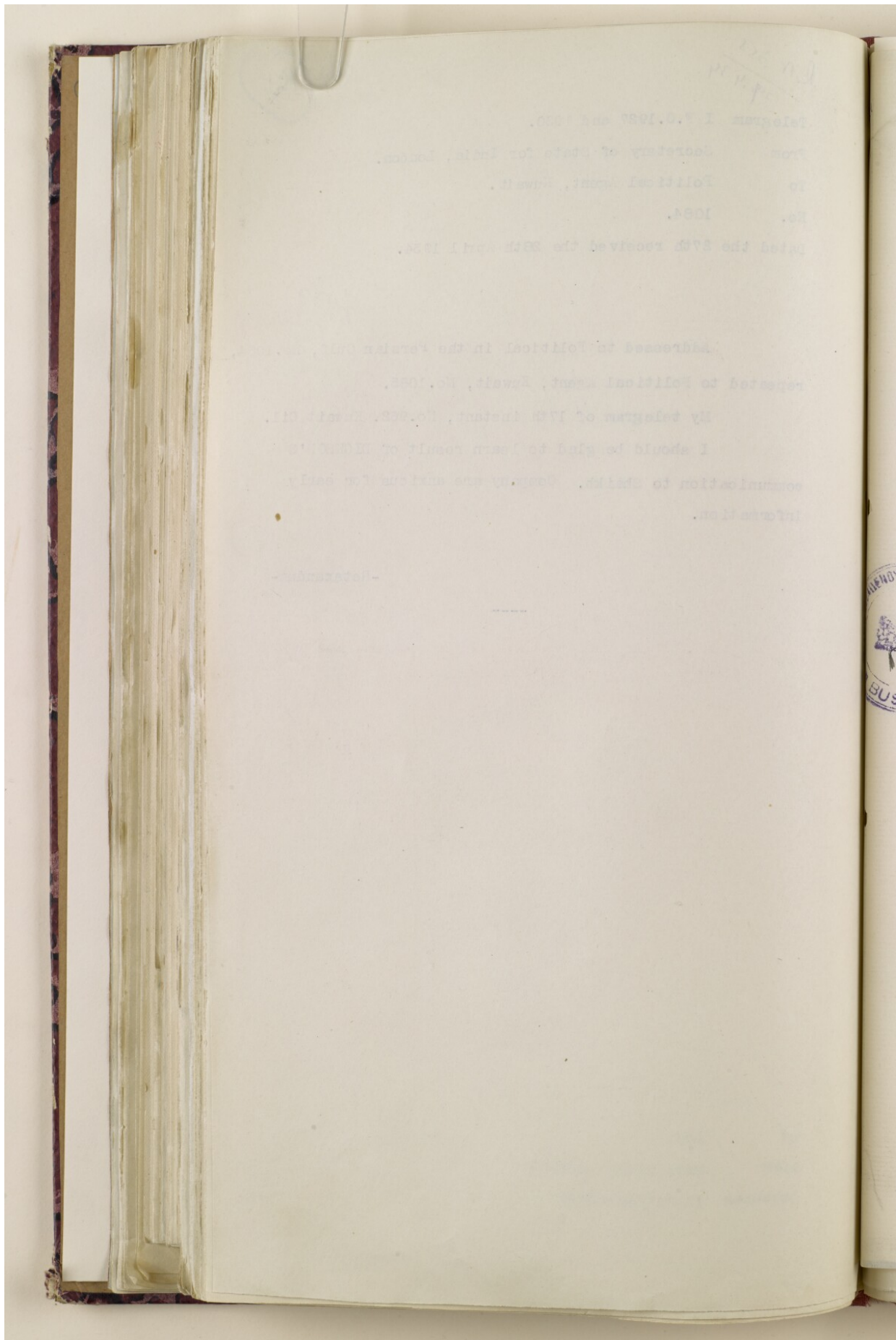
p.139

Addressed to Political in the Persian Gulf, No. 1084,
repeated to Political Agent, Kuwait, No. 1085.

My telegram of 17th instant, No. 962. Kuwait Oil.

I should be glad to learn result of DICKSON'S
communication to Shaikh. Company are anxious for early
information.

-Retaxandum-





H.M. 3.5.34 Rm. 285
5.5.34

(169) (162)

CONFIDENTIAL.

No. 409-S of 1934.

The Hon'ble The Political Resident in the Persian Gulf presents his compliments to

The Political Agent,
Kuwait,

and has the honour to transmit to him a copy of the undermentioned document (s).

British Consulate-General,
BUSHIRE.

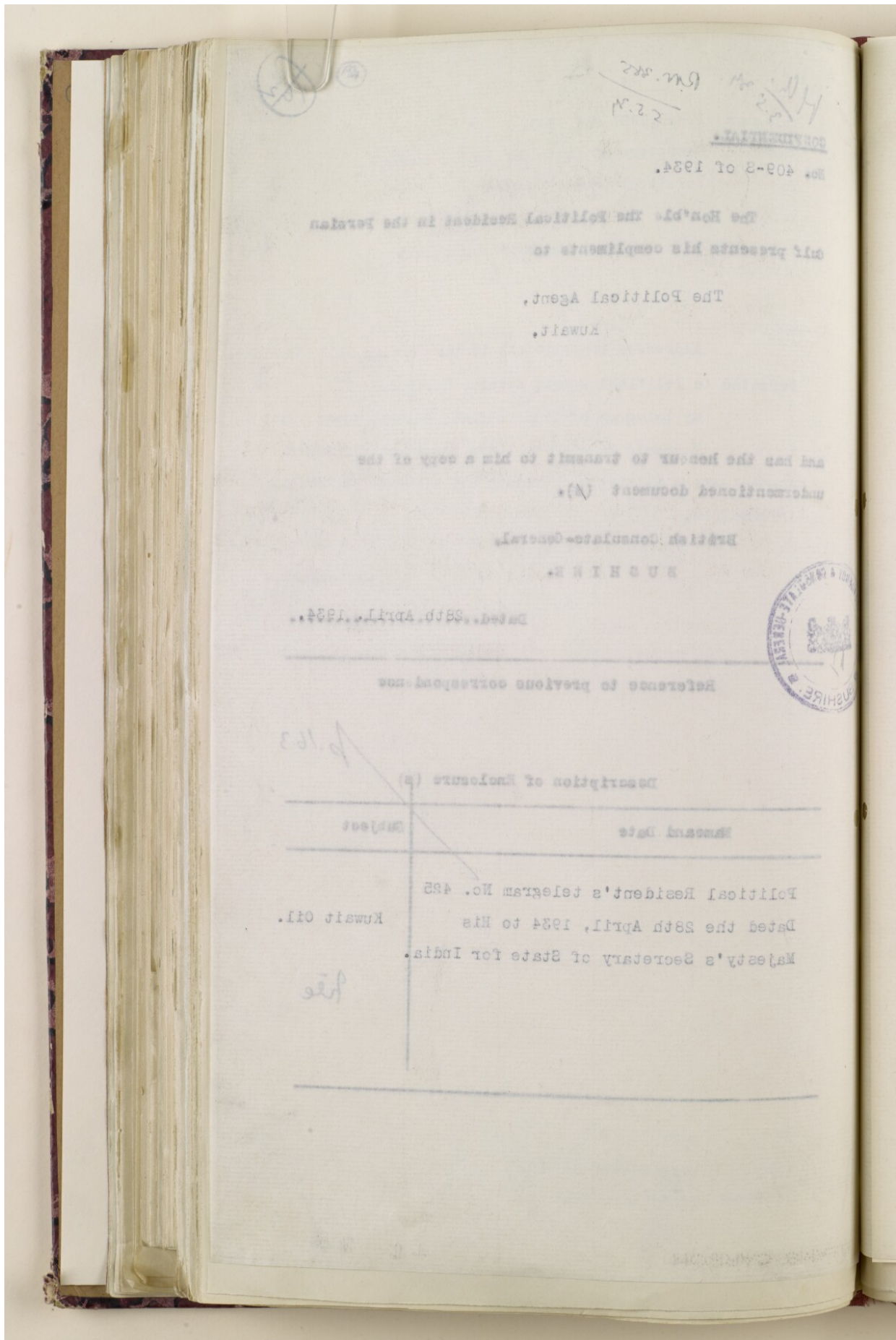
Dated...28th April...1934...

Reference to previous correspondence

Description of Enclosure (s)

Name and Date	Subject
Political Resident's telegram No. 425 Dated the 28th April, 1934 to His Majesty's Secretary of State for India.	Kuwait Oil. <i>file</i>

p.163





86/1

(170) X63

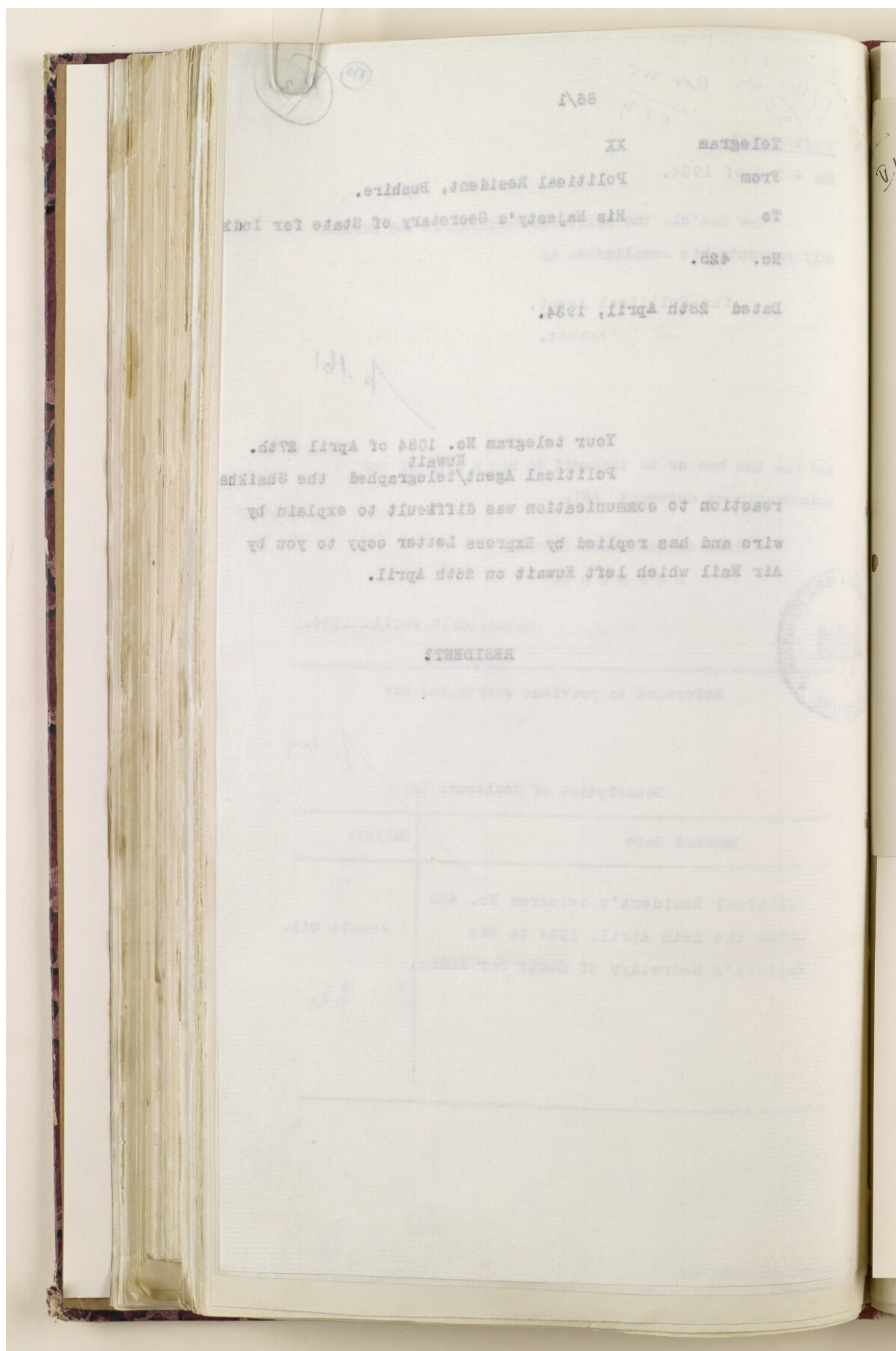
Telegram XX
From Political Resident, Bushire.
To His Majesty's Secretary of State for India
No. 425.

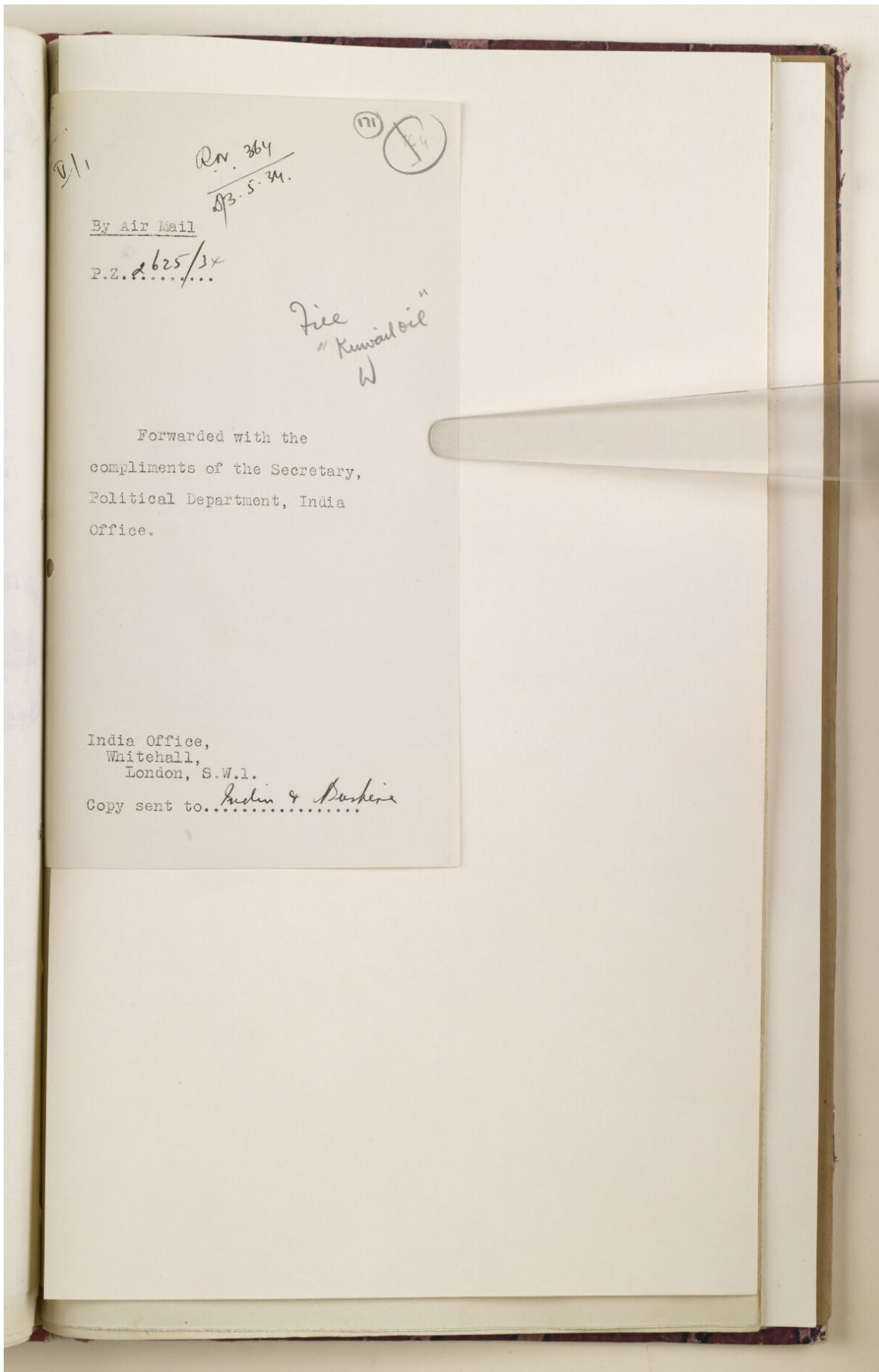
Dated 28th April, 1934.

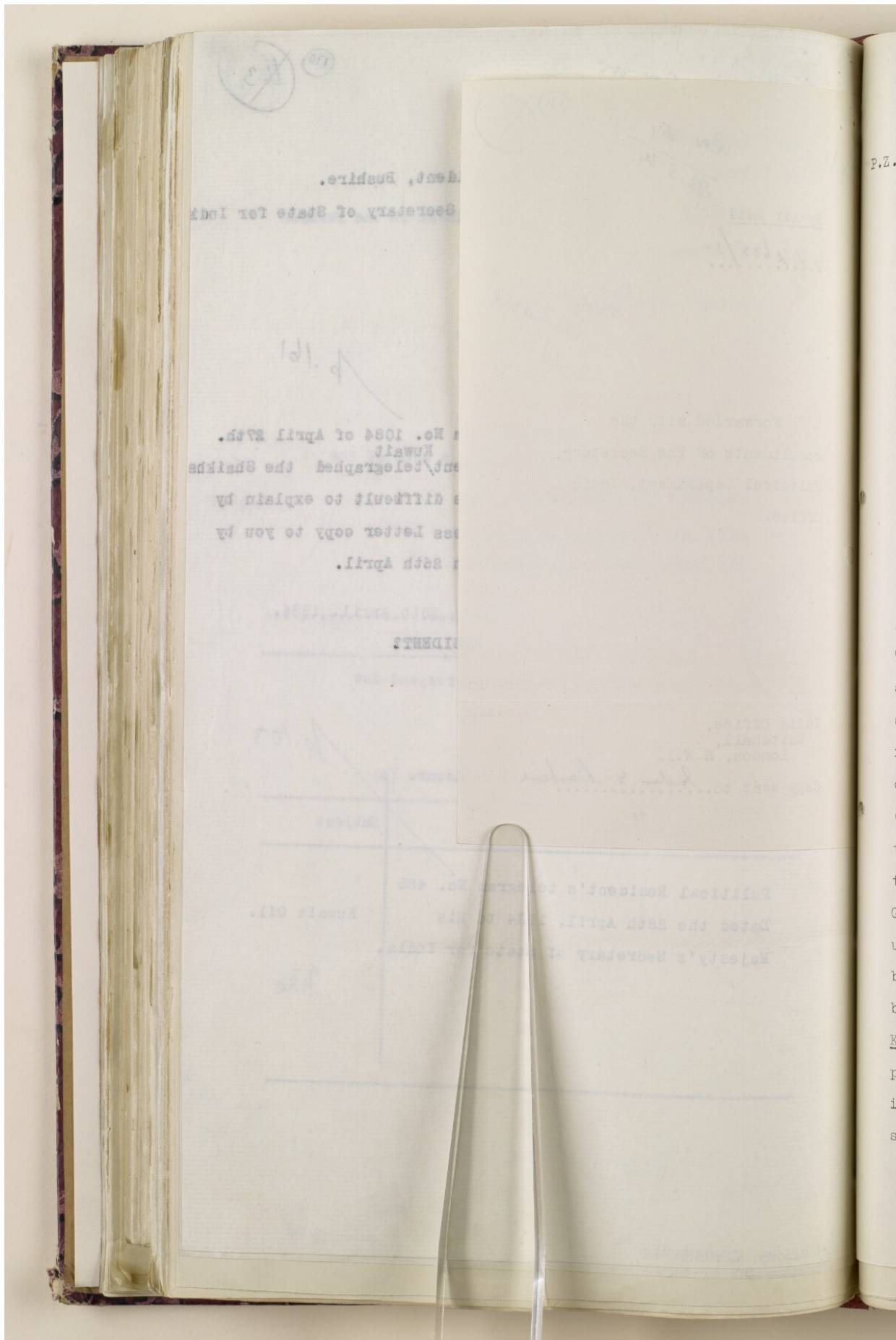
p. 161

Your telegram No. 1084 of April 27th.
Kuwait
Political Agent/telegraphed the Shaikhs
reaction to communication was difficult to explain by
wire and has replied by Express Letter copy to you by
Air Mail which left Kuwait on 26th April.

RESIDENT?









P.Z.2625/34.

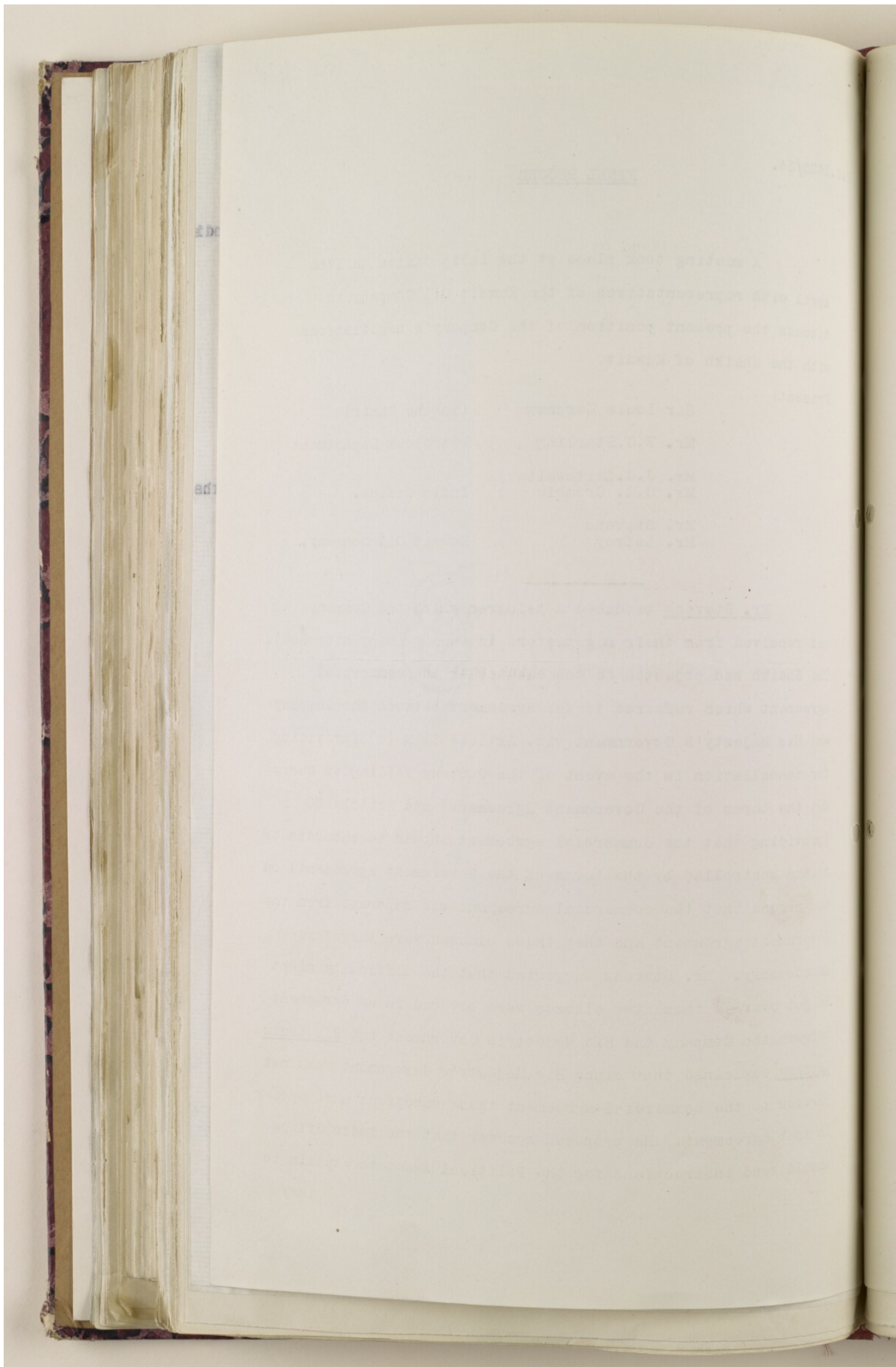
FINAL RECORD

A meeting took place at the India Office on 17th April with representatives of the Kuwait Oil Company to discuss the present position of the Company's negotiations with the Shaikh of Kuwait.

Present:

Sir Louis Kershaw	(in the Chair)
Mr. F.C.Starling	Petroleum Department
Mr. J.G.Laithwaite)	
Mr. G.E. Crombie)	India Office.
Mr. Stevens)	
Mr. Lefroy)	Kuwait Oil Company.

Mr. Stevens produced a telegram which the Company had received from their negotiators in Kuwait (copy attached). The Shaikh had objected to the clauses in the commercial agreement which referred to the agreement between the Company and His Majesty's Government viz. Article 11 A (d) (providing for cancellation in the event of the Company failing to carry out the terms of the Government Agreement) and Article 20 (providing that the commercial agreement should be subordinate to and controlled by the terms of the Government agreement) on the ground that the commercial agreement was separate from the Government agreement and that these clauses were therefore unnecessary. Mr. Stevens suggested that the difficulty might be got over if these two clauses were covered in an agreement between the Company and His Majesty's Government but Sir Louis Kershaw explained that since His Majesty's Government were not parties to the commercial agreement these sanctions must appear in that agreement. He proposed however that the India Office should send instructions for the Political Agent to explain to the/





173 165
166
2.

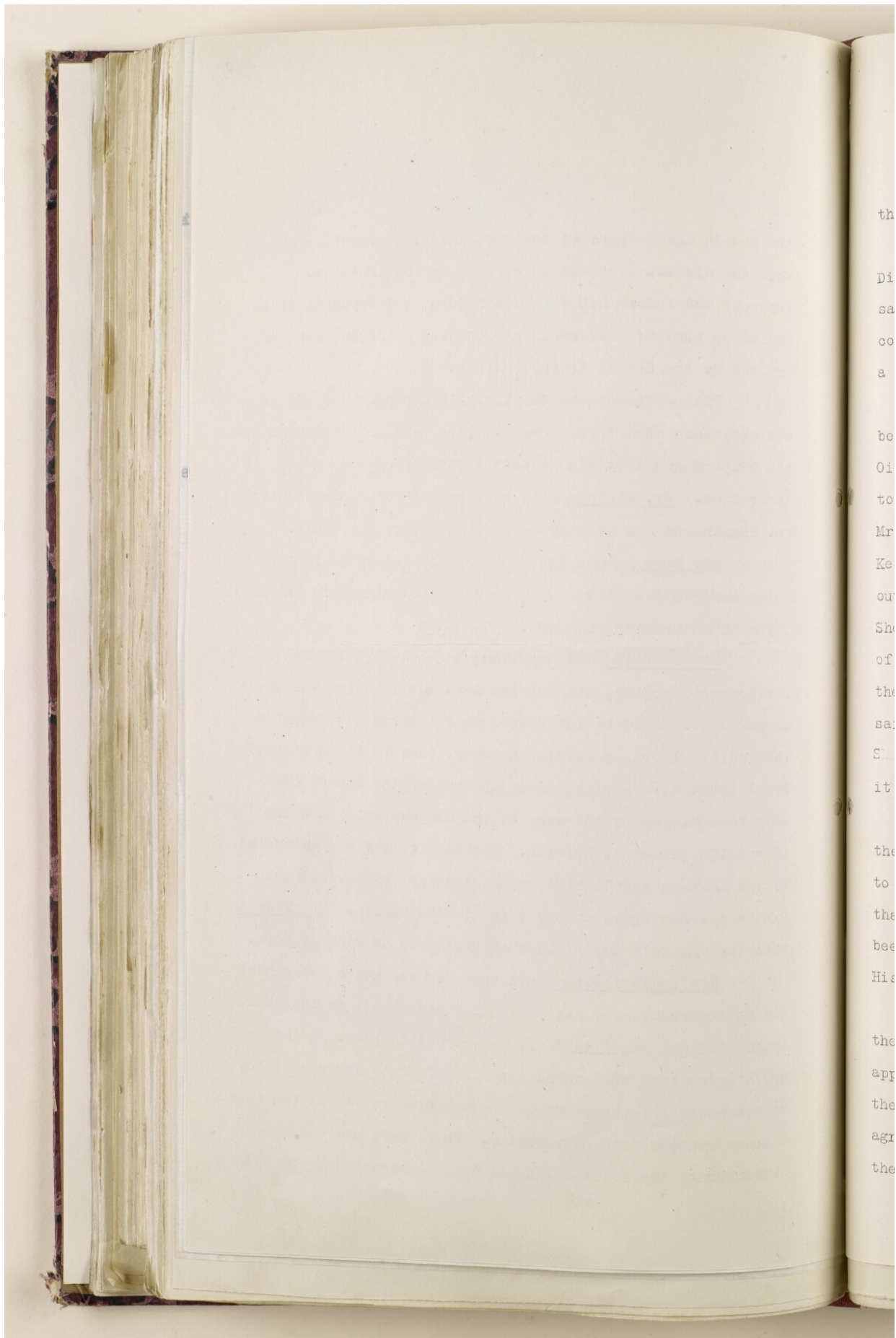
the Shaikh the purpose of the Government agreement, point out that the clauses in question were in the Shaikh's own interest and inform him that His Majesty's Government would insist on similar clauses in any concession which might be granted by the Shaikh to any Company.

With reference to the Shaikh's economic demands it was explained that these were a matter between the Shaikh and the Company and that His Majesty's Government were not interested. Mr. Stevens said that as regards financial terms the Shaikh and the Company were not now very far apart.

Mr. Stevens was disturbed by the reference in the telegram from Kuwait to an offer having been made to the Shaikh by a "100% British Company".

Mr. Starling did not think that the British Oil Development Company, the British interest in which was about 51 per cent. could be interested in obtaining a concession in Kuwait. It was possible, however, that if the British Oil Development were implicated in the matter the Shaikh might have been misled by the name of the Company into thinking that it was 100 per cent. British. The possibility was discussed of the Eastern and General or the Arabian Oil Development Syndicates having made some offer to the Shaikh. Mr. Stevens said that he felt satisfied that there was no risk of this.

Sir Louis Kershaw said that His Majesty's Government had no information of any such offer being made to the Shaikh by any Company other than the Kuwait Oil Company. He assured Mr. Stevens that the consent of His Majesty's Government would be necessary for the grant of a concession by the Shaikh to any Company whatever its nationality. There was, however, no objection to the Political Agent being instructed to remind
the/





3.

the Shaikh of this.

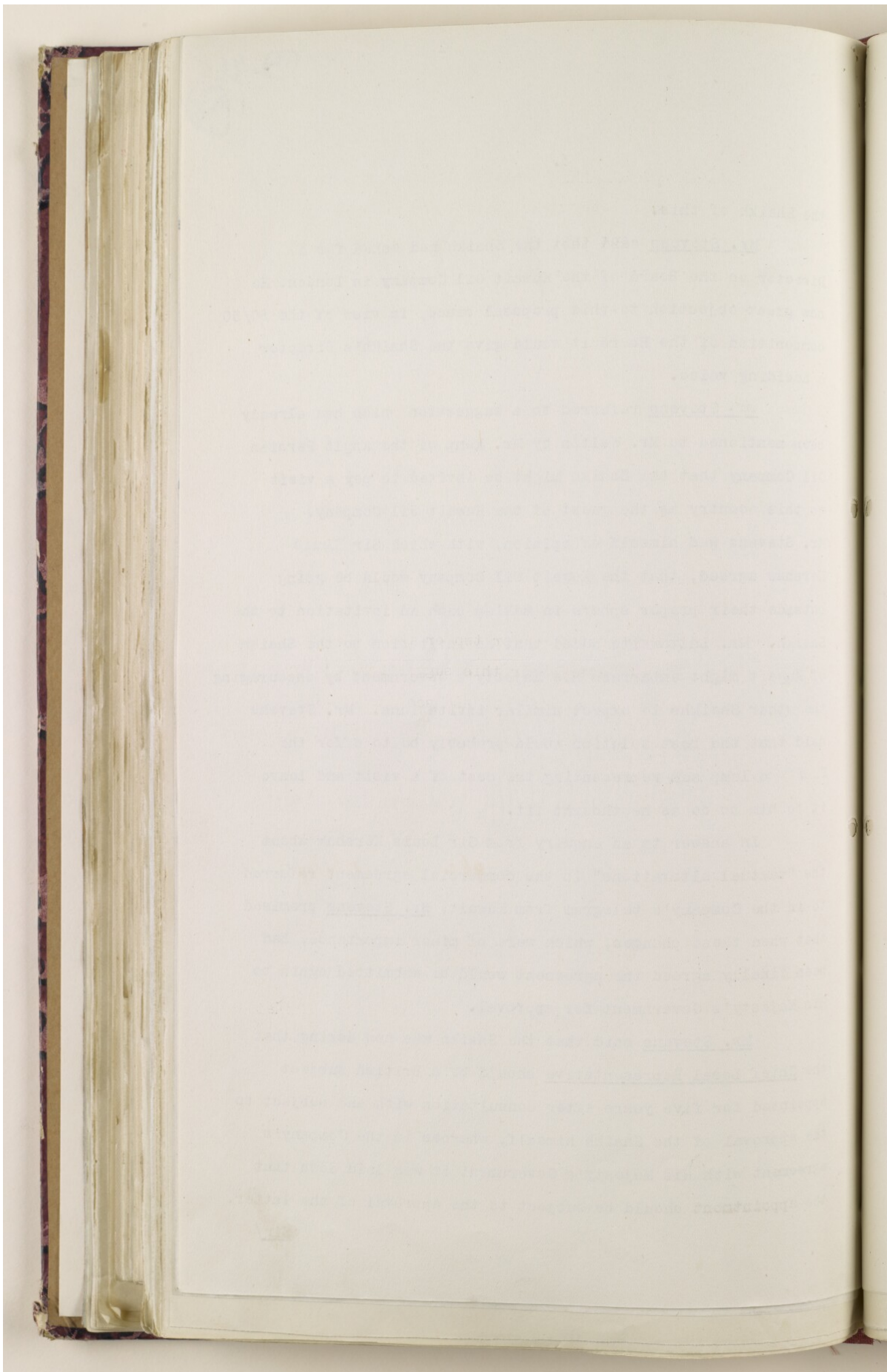
Mr. Stevens said that the Shaikh had asked for a Director on the Board of the Kuwait Oil Company in London. He saw great objection to this proposal since, in view of the 50/50 composition of the Board it would give the Shaikh's Director a deciding voice.

Mr. Stevens referred to a suggestion which had already been mentioned to Mr. Walton by Mr. Kemp of the Anglo Persian Oil Company that the Shaikh might be invited to pay a visit to this country as the guest of the Kuwait Oil Company. Mr. Stevens was himself of opinion, with which Sir Louis Kershaw agreed, that the Kuwait Oil Company would be going outside their proper sphere in making such an invitation to the Sheikh. Mr. Laithwaite added that an invitation to the Shaikh of Kuwait might embarrass His Majesty's Government by encouraging the other Shaikhs to expect similar invitations. Mr. Stevens said that the best solution would probably be to offer the Shaikh a lump sum representing the cost of a visit and leave it to him to do as he thought fit.

In answer to an enquiry from Sir Louis Kershaw about the "textual alterations" in the commercial agreement referred to in the Company's telegram from Kuwait, Mr. Stevens promised that when these changes, which were of minor importance, had been finally agreed the agreement would be submitted again to His Majesty's Government for approval.

Mr. Stevens said that the Shaikh was now asking that the Chief Local Representative should be a British subject appointed for five years after consultation with and subject to the approval of the Shaikh himself, whereas in the Company's agreement with His Majesty's Government it was laid down that the appointment should be subject to the approval of the latter.

Sir/





4.

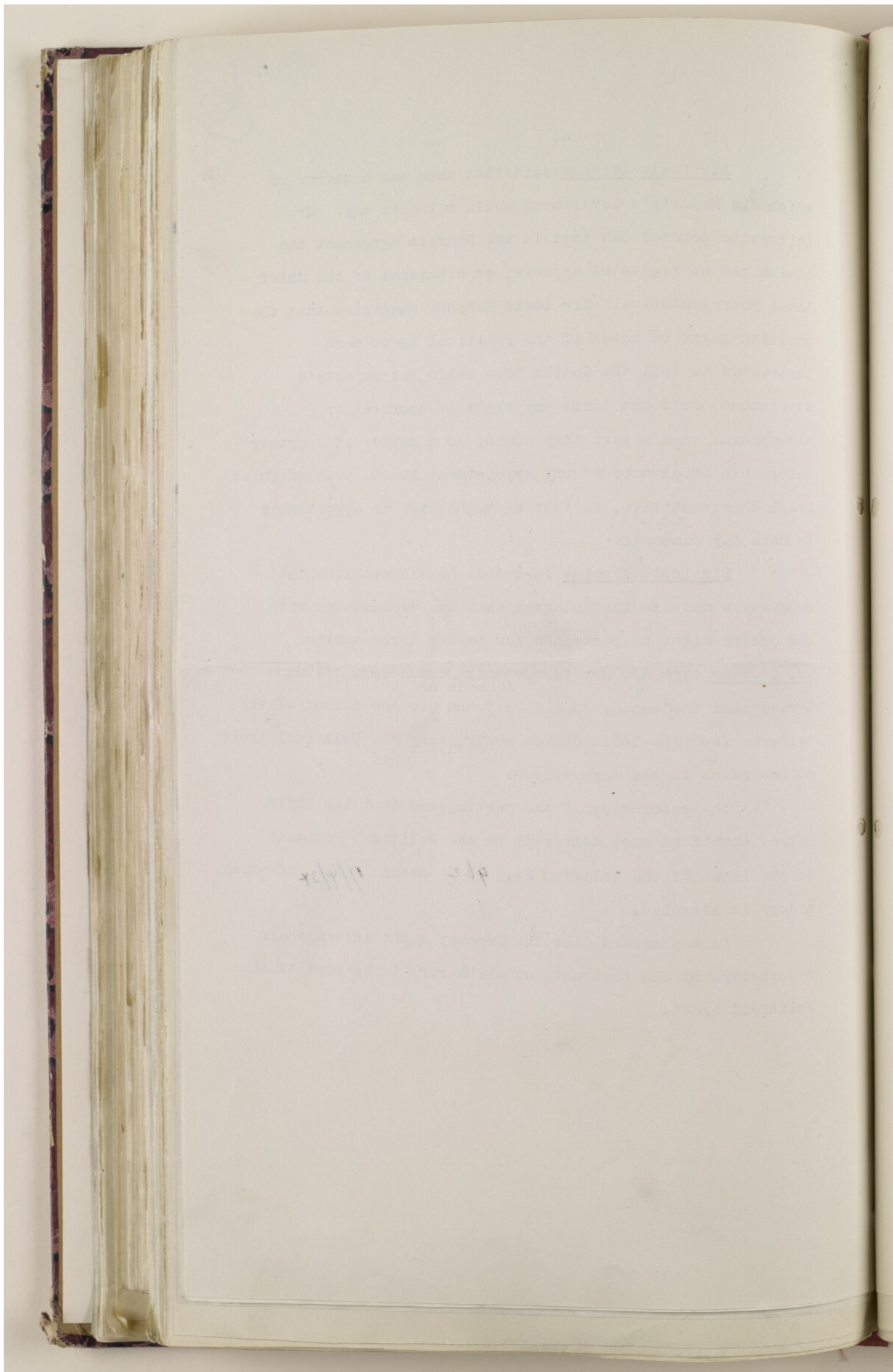
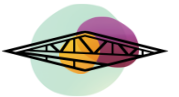
(175) 167
168

Sir Louis Kershaw said that this was a matter on which His Majesty's Government could not give way. Mr. Laithwaite pointed out that in the Bahrein agreement the Shaikh had no rights of approval or dismissal of the Chief Local Representative. Sir Louis Kershaw suggested that the position might be eased if the Political Agent were instructed to tell the Shaikh that while His Majesty's Government could not admit any right of approval or disapproval on his part they would, as a matter of courtesy inform him in advance of any appointment to the post of Chief Local Representative, so that he might have an opportunity to make any comments.

Sir Louis Kershaw said that he did not like the suggestion made in the telegram that the discussions with the Shaikh might be postponed for two or three months. Mr. Stevens also did not favour this suggestion. It was agreed that the Company should wait and see the effect of the telegram from the India Office instructing the Political Agent to intervene in the discussions.

The conclusion of the meeting was that the India Office should at once telegraph to the Political Resident on the lines of the telegram No. 962 dated 17/4/34 of which a copy is attached.

It was agreed that the Company might inform their negotiators of the instructions which were being sent to the Political Agent.





P.Z.2559/34.

INWARD TELEGRAM.

From: Kuwait Oil Company No.19 Date despatched 12.4.34
Kuwait " received 12.4.34

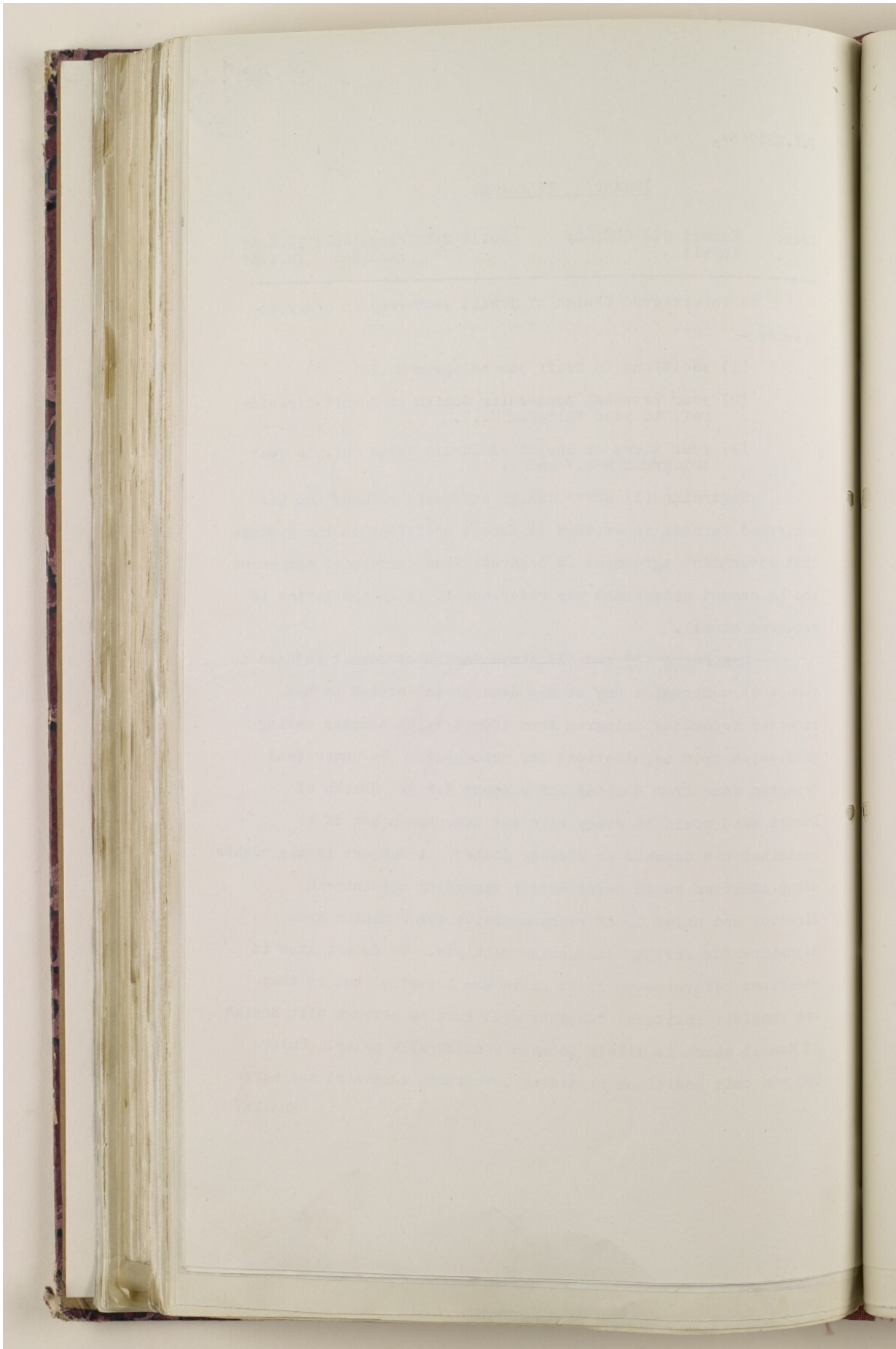
We interviewed Shaikh of Kuwait yesterday in order to discuss -

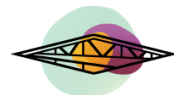
- (1) additions to draft our telegram No.18
- (2) your proposal concerning Shaikh of Kuwait director ref. to your telegram No.7.
- (3) your views on Shaikh of Kuwait terms ref. to your telegrams Nos.7 and 9.

Regarding (1) above Shaikh of Kuwait refused and has confirmed refusal in writing to accept additions on the grounds that Government agreement is separate from commercial agreement and he cannot understand why reference to it in the latter is required at all.

Regarding (2) and (3) above Shaikh of Kuwait refused to reduce or compromise any of his demands and stated he had received Wednesday telegram from 100% British company asking permission open negotiations for concession. We understand telegram came from Baghdad and suspect B.O.D. Shaikh of Kuwait said would be ready sign our concession now if it contained his demands as already stated but subject to his rights being admitted would defer action regarding appointment director and chief local representative for 3 months from signature for further discussion with you. We do not know if additions reference to first above are essential but if they are consider Political Resident will have to arrange with Shaikh of Kuwait which is likely to mean considerable delay. Unless you can omit additions regarding Government agreement and agree

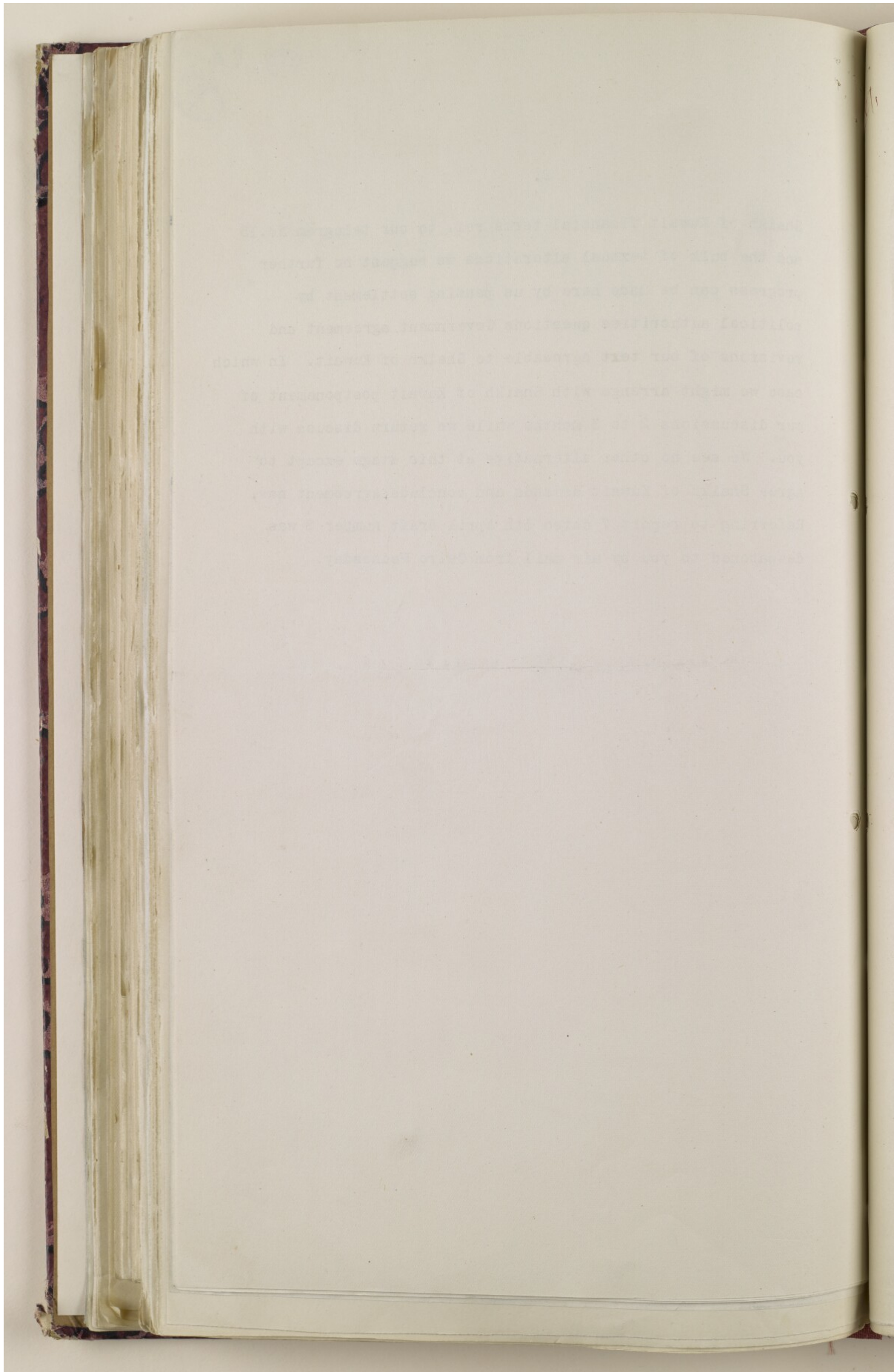
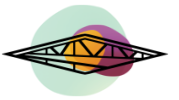
Shaikh/





2.

Shaikh of Kuwait financial terms ref. to our telegram No.15 and the bulk of textual alterations we suggest no further progress can be made here by us pending settlement by political authorities questions Government agreement and revisions of our text agreeable to Shaikh of Kuwait. In which case we might arrange with Shaikh of Kuwait postponement of our discussions 2 to 3 months while we return discuss with you. We see no other alternative at this stage except to agree Shaikh of Kuwait demands and conclude agreement now. Referring to report 7 dated 5th April draft number 2 was despatched to you by air mail from Cairo Wednesday.





R.I.No-370
23.5.34
Telegram I.F.O.1927 and 30

From Political Resident, Bushire.

To Political Agent, Kuwait.

No. 449.

Dated the 2nd received the 3rd ^{may} April 1934.

Addressed to Secretary of State for India, repeated to Political Agent, Kuwait, copy sent by sea mail to Government of India.

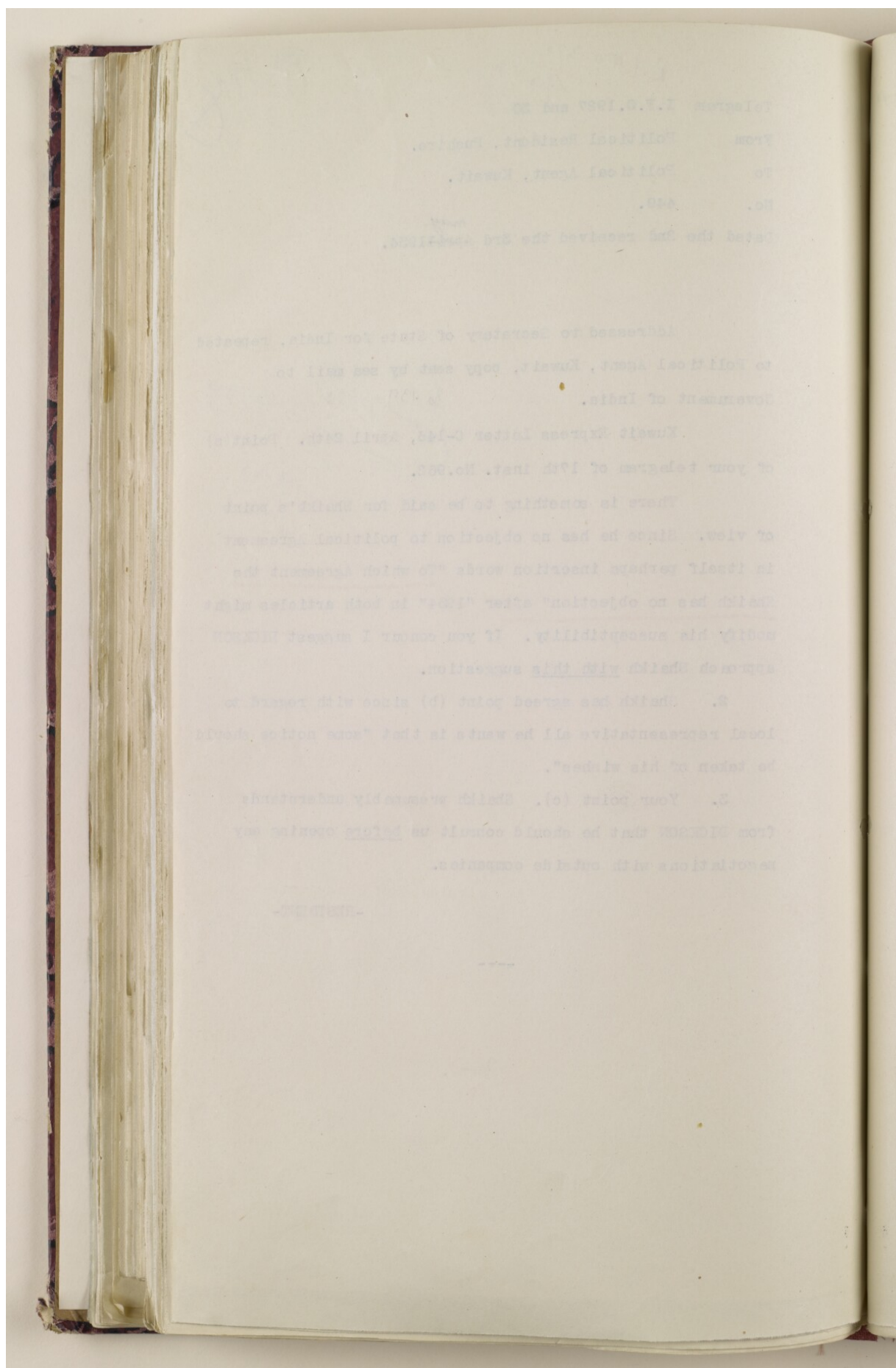
Kuwait Express Letter C-146, April 24th. Point(a) of your telegram of 17th inst. No.962.

There is something to be said for Shaikh's point of view. Since he has no objection to political Agreement in itself perhaps insertion words "To which Agreement the Shaikh has no objection" after "1934" in both articles might modify his susceptibility. If you concur I suggest DICKSON approach Shaikh with this suggestion.

2. Shaikh has agreed point (b) since with regard to local representative all he wants is that "some notice should be taken of his wishes".

3. Your point (c). Shaikh presumably understands from DICKSON that he should consult us before opening any negotiations with outside companies.

-RESIDENT-





Telegram I.F.O.1930.
From Political Agent, Kuwait.
To Political Resident, Bushire.
No. 162.
Dated the 3rd May 1934.

Kuwait Oil negotiators report that they have received strongly worded letter from Shaikh dated 1st May to the effect that they have already been informed of Shaikh's minimum financial and other demands which they must consider as final. That they must obtain telegraphic instructions from their London principals as to whether his terms acceptable or not as further delay useless.

2. I take serious view of letter and think Shaikh may break off negotiations unless something is done by London quickly to relieve situation. *p.139*

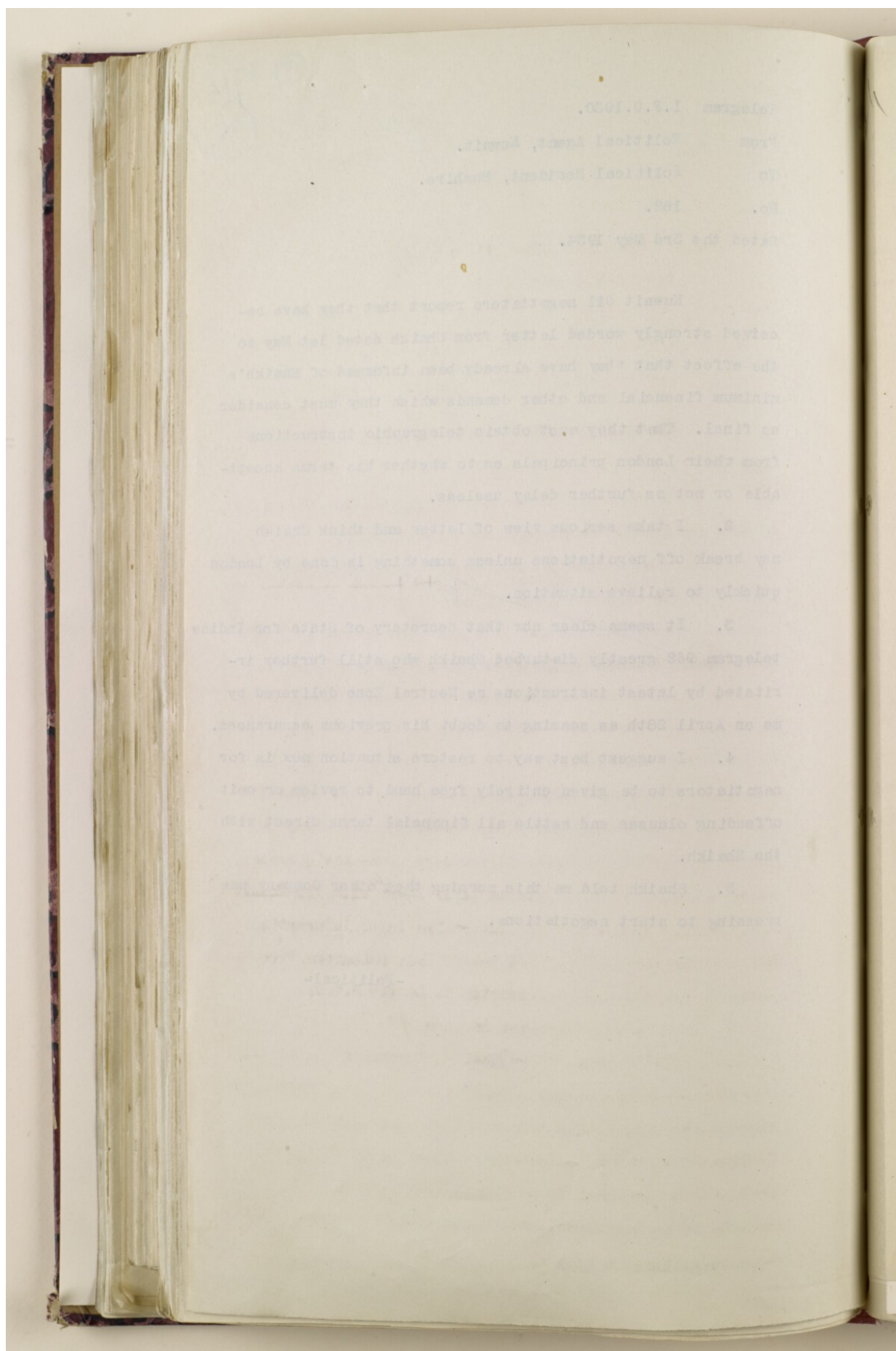
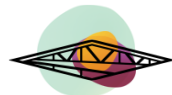
3. It seems clear now that Secretary of State for India's telegram 962 greatly disturbed Shaikh who still further irritated by latest instructions re Neutral Zone delivered by me on April 28th as seeming to doubt his previous assurances.

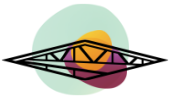
4. I suggest best way to restore situation now is for negotiators to be given entirely free hand to revise or omit offending clauses and settle all financial terms direct with the Shaikh.

5. Shaikh told me this morning that other Company was pressing to start negotiations.

-Political-

File





CONFIDENTIAL.

No.C-163.

POLITICAL AGENCY,
KUWAIT.

Dated the 3rd May 1934.

From

Lt.-Colonel H.R.P. Dickson, C.I.E., I.A.,
Political Agent, Kuwait;

To

The Hon'ble the Political Resident
in the Persian Gulf, B u s h i r e .

Kuwait Oil Company's Negotiations.

Sir,

In continuation of my telegram No.162 of 3rd May,
I have the honour to enclose translation of

Letter No.KH/3/1283, dated 17th Muharram 1353
(1st May 1934) from H.E. the Shaikh of Kuwait to
the Kuwait Oil Company.

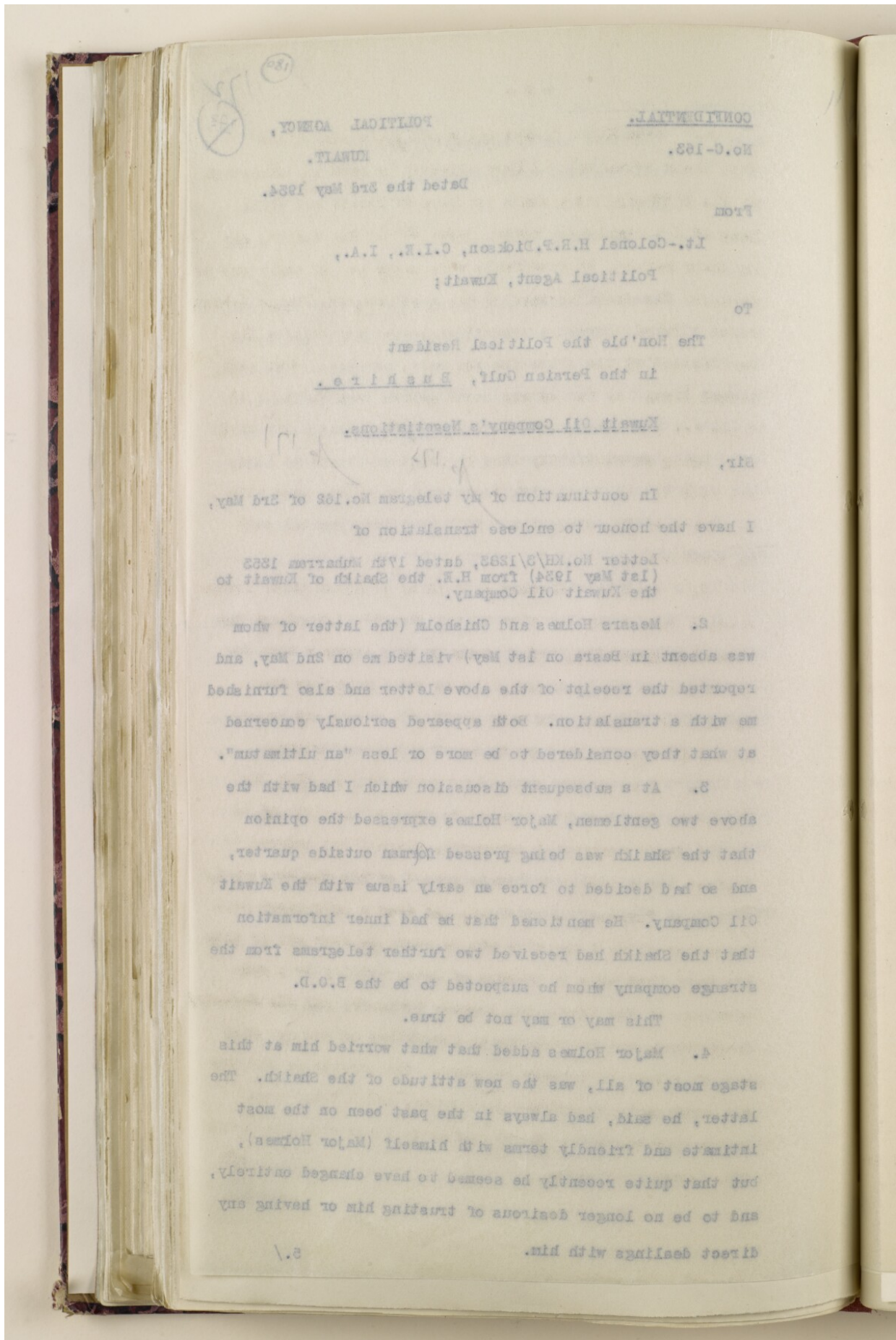
2. Messrs Holmes and Chisholm (the latter of whom
was absent in Basra on 1st May) visited me on 2nd May, and
reported the receipt of the above letter and also furnished
me with a translation. Both appeared seriously concerned
at what they considered to be more or less "an ultimatum".

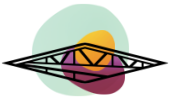
3. At a subsequent discussion which I had with the
above two gentlemen, Major Holmes expressed the opinion
that the Shaikh was being pressed ~~for~~ outside quarter,
and so had decided to force an early issue with the Kuwait
Oil Company. He mentioned that he had inner information
that the Shaikh had received two further telegrams from the
strange company whom he suspected to be the B.O.D.

This may or may not be true.

4. Major Holmes added that what worried him at this
stage most of all, was the new attitude of the Shaikh. The
latter, he said, had always in the past been on the most
intimate and friendly terms with himself (Major Holmes),
but that quite recently he seemed to have changed entirely,
and to be no longer desirous of trusting him or having any
direct dealings with him.

5./





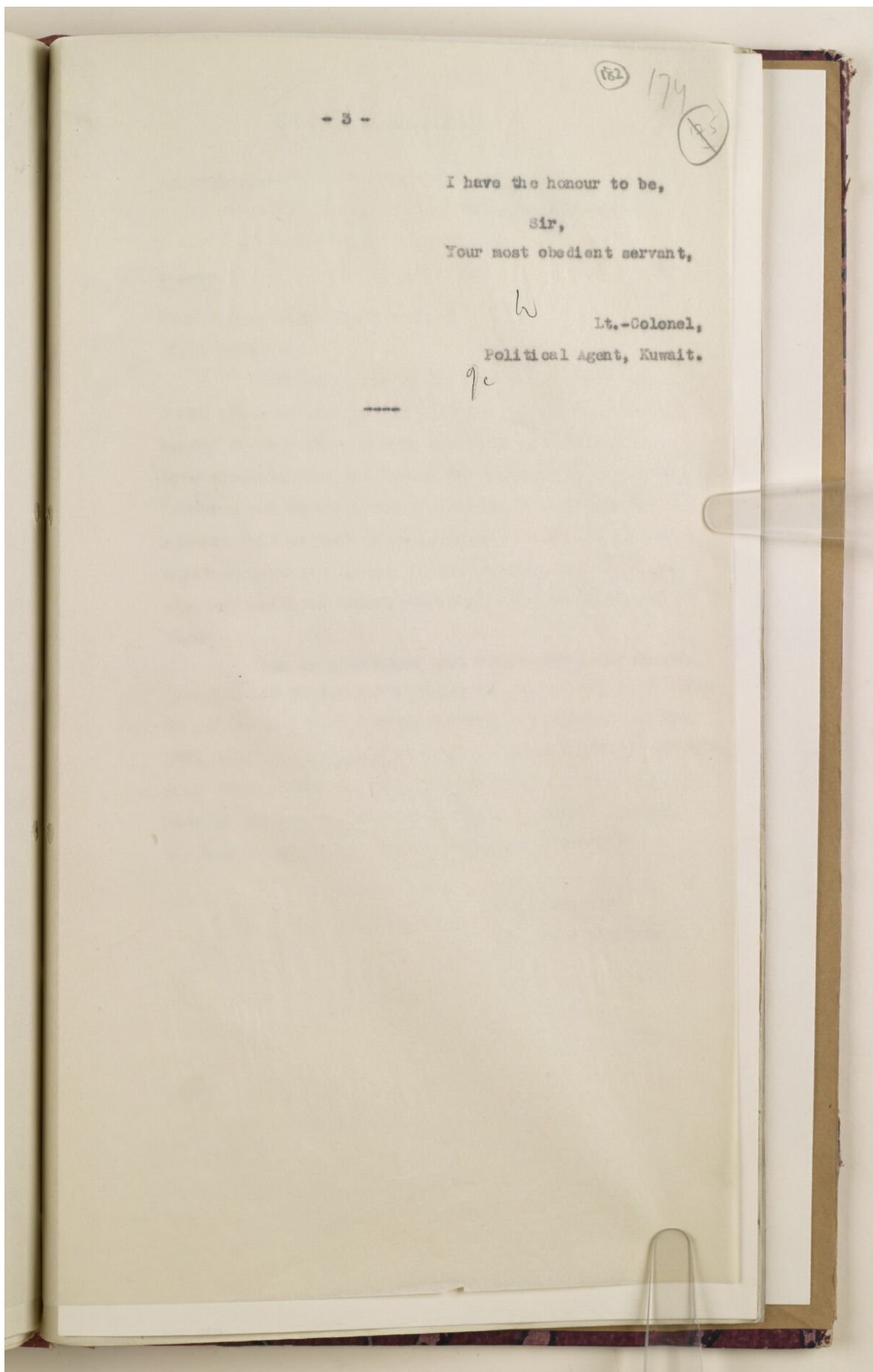
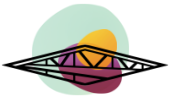
- 2 -

5. Both Major Holmes and Mr. Chisholm complained that their principals at Home appeared to have no conception of the difficult atmosphere out here in Kuwait and still less of the suspicious mental "make up" of the Shaikh, and by their refusal to face facts were going out of their way to endanger the whole success of the negotiations. Their latest request to be allowed to proceed to London and explain the seriousness of the situation out here, had been, they said, turned down. As far as one could gather from the talk of these two gentlemen, they appeared to feel that their hands were being unnecessarily tied by their directors at Home, who were not in touch with facts nor could keep pace with an ever changing situation. This of course was all said in confidence.

6. As I have already said in my telegram under reference, I take a serious view of the Shaikh's letter and the situation generally, which seems to have taken a turn for the worse in the last week. In my opinion unless the Kuwait Oil Company walk very warily, I should not be surprised if the Shaikh were to break off negotiations.

7. I am pretty sure in my own mind now, that His Majesty's Government's message re Clauses 11 A(d) and 20 of the draft Commercial Agreement, which I was ordered to deliver had a most unfortunate effect on the Shaikh's mind. He became furiously suspicious, and from a subsequent conversation which I had with him he seems to have got it into his head that he is in process of being bullied by a combination of the Kuwait Oil Company in London and His Majesty's Government, and he probably is determined in his own mind not to submit to further pressure. The trouble is that we are once again up against Arab pride, and a false move may easily cause the Shaikh to decide to break with the Kuwait Oil Company for good.

I have/
End



- 3 -

(182)

174

(185)

I have the honour to be,

Sir,

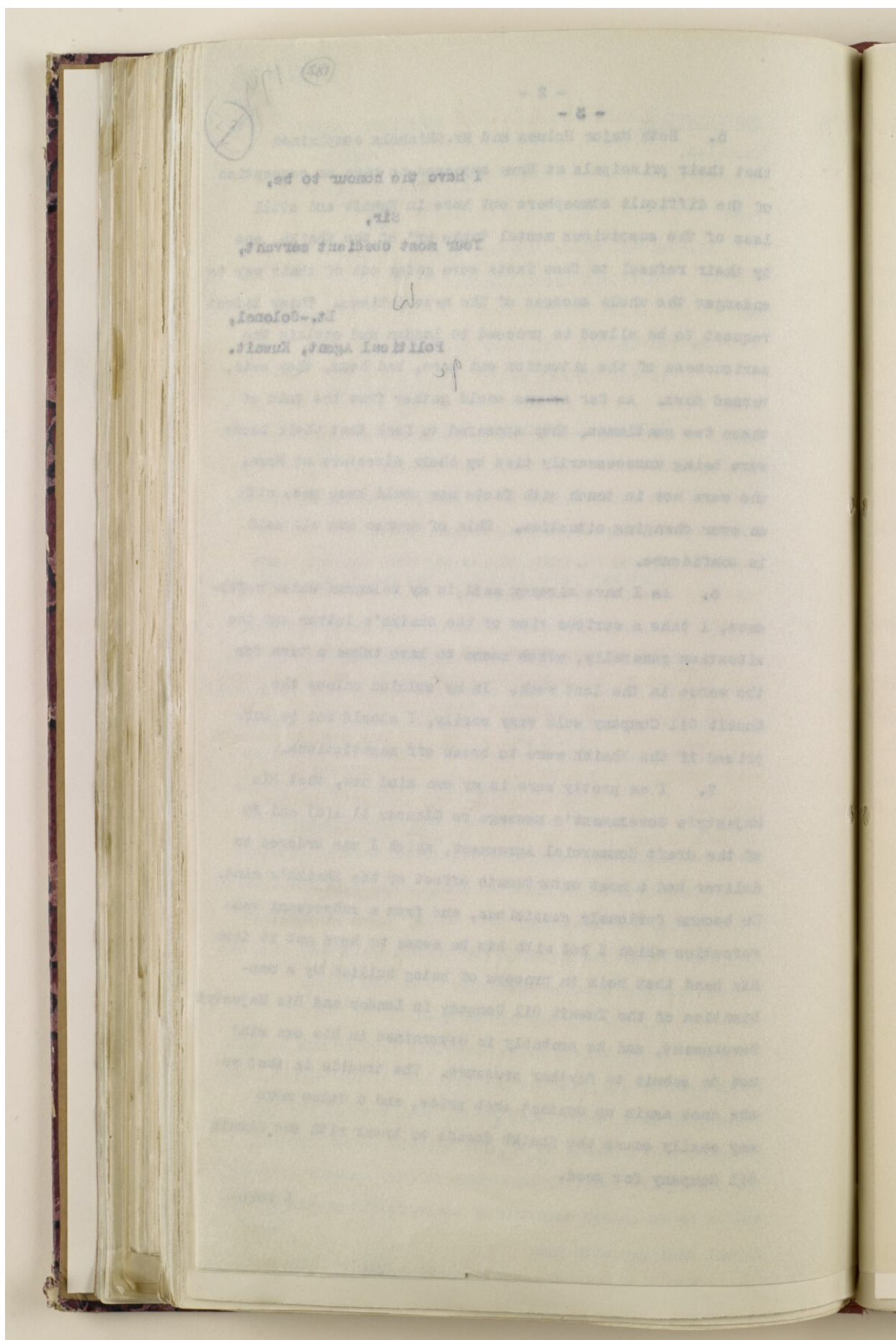
Your most obedient servant,

W

Lt.-Colonel,

Political Agent, Kuwait.

9c





TRANSLATION.

No. KH/3/1283

Kuwait.
17th Muharrem 1353.
1st May 1934.

URGENT.

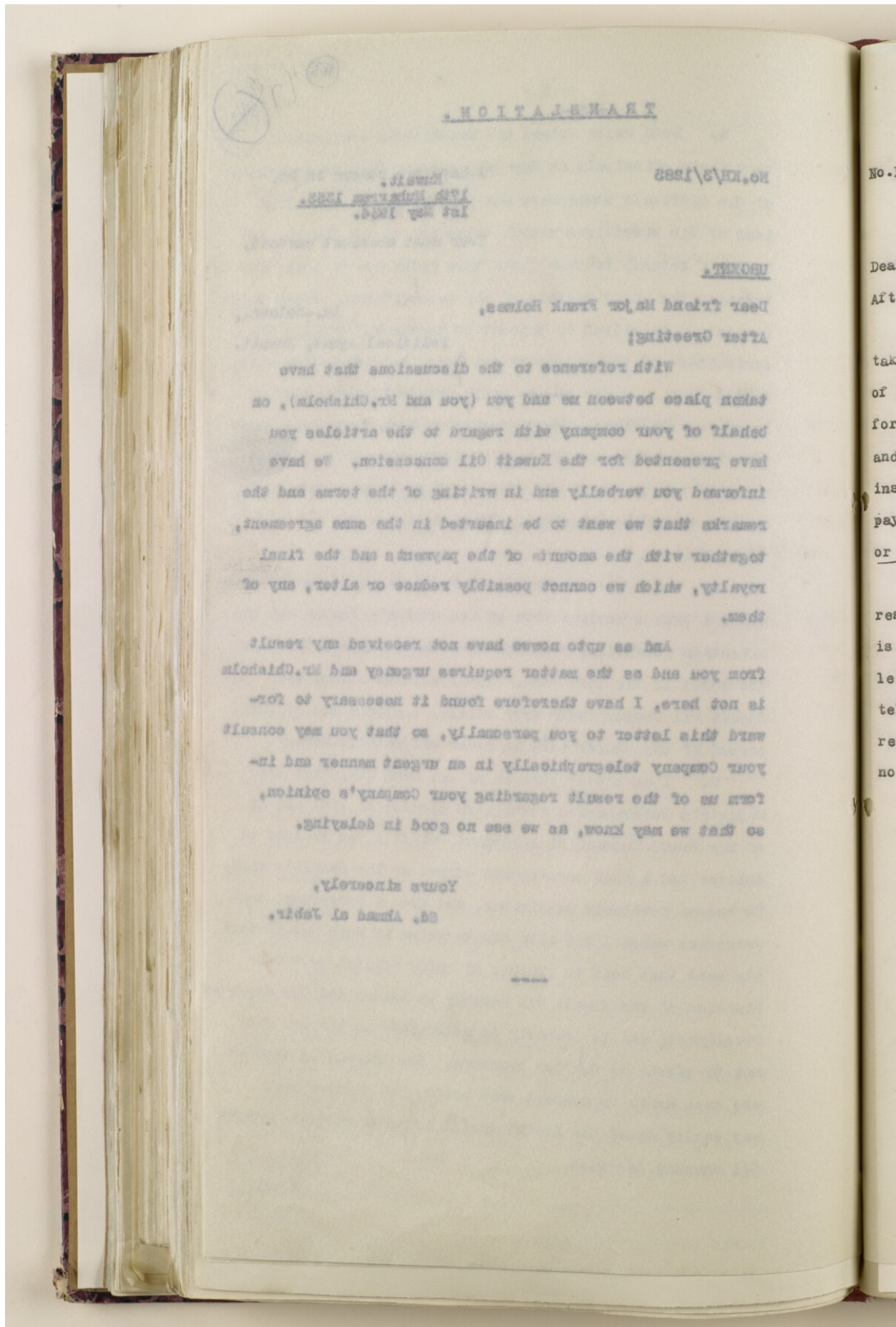
Dear friend Major Frank Holmes,
After Greeting;

With reference to the discussions that have taken place between me and you (you and Mr. Chisholm), on behalf of your company with regard to the articles you have presented for the Kuwait Oil concession. We have informed you verbally and in writing of the terms and the remarks that we want to be inserted in the same agreement, together with the amounts of the payments and the final royalty, which we cannot possibly reduce or alter, any of them.

And as upto now we have not received any result from you and as the matter requires urgency and Mr. Chisholm is not here, I have therefore found it necessary to forward this letter to you personally, so that you may consult your Company telegraphically in an urgent manner and inform us of the result regarding your Company's opinion, so that we may know, as we see no good in delaying.

Yours sincerely,

Sd. Ahmad al Jabir.





TRANSLATION

No.Kh/3/1283

KUWAIT

17th Moharram 1353
1st May 1934

"Urgent"

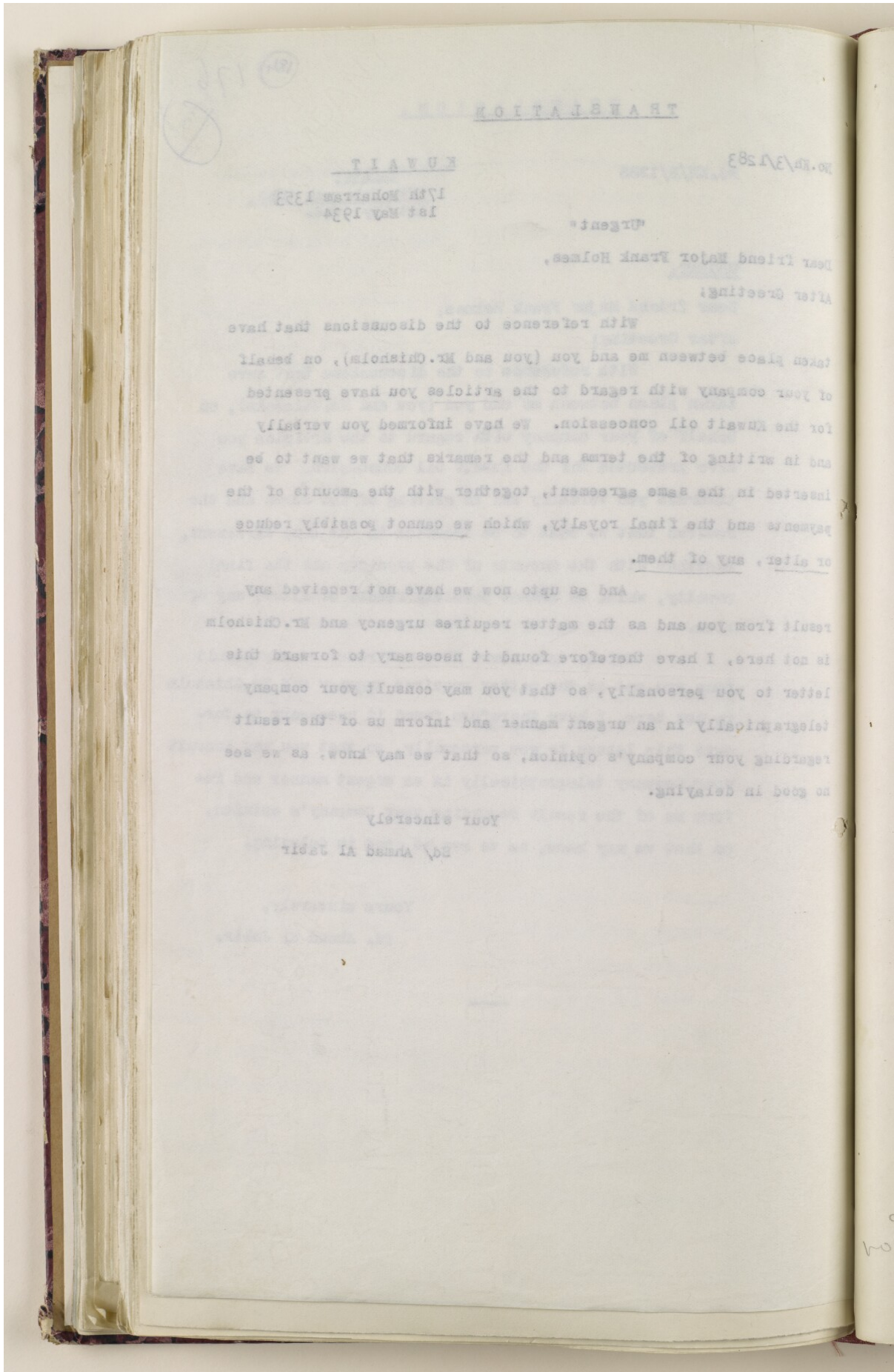
Dear friend Major Frank Holmes,
After Greeting;

With reference to the discussions that have taken place between me and you (you and Mr.Chisholm), on behalf of your company with regard to the articles you have presented for the Kuwait oil concession. We have informed you verbally and in writing of the terms and the remarks that we want to be inserted in the same agreement, together with the amounts of the payments and the final royalty, which we cannot possibly reduce or alter, any of them.

And as upto now we have not received any result from you and as the matter requires urgency and Mr.Chisholm is not here, I have therefore found it necessary to forward this letter to you personally, so that you may consult your company telegraphically in an urgent manner and inform us of the result regarding your company's opinion, so that we may know, as we see no good in delaying.

Your sincerely

Sd/ Ahmad Al Jabir





R.N. 392
6.5.34.

185

177

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Telegram I.F.O.1927 and 30.

From Secretary of State for India, London.

To Political Agent, Kuwait.

No. 1174.

Dated the 3rd received the 4th May 1934.

IMMEDIATE. Part-I.

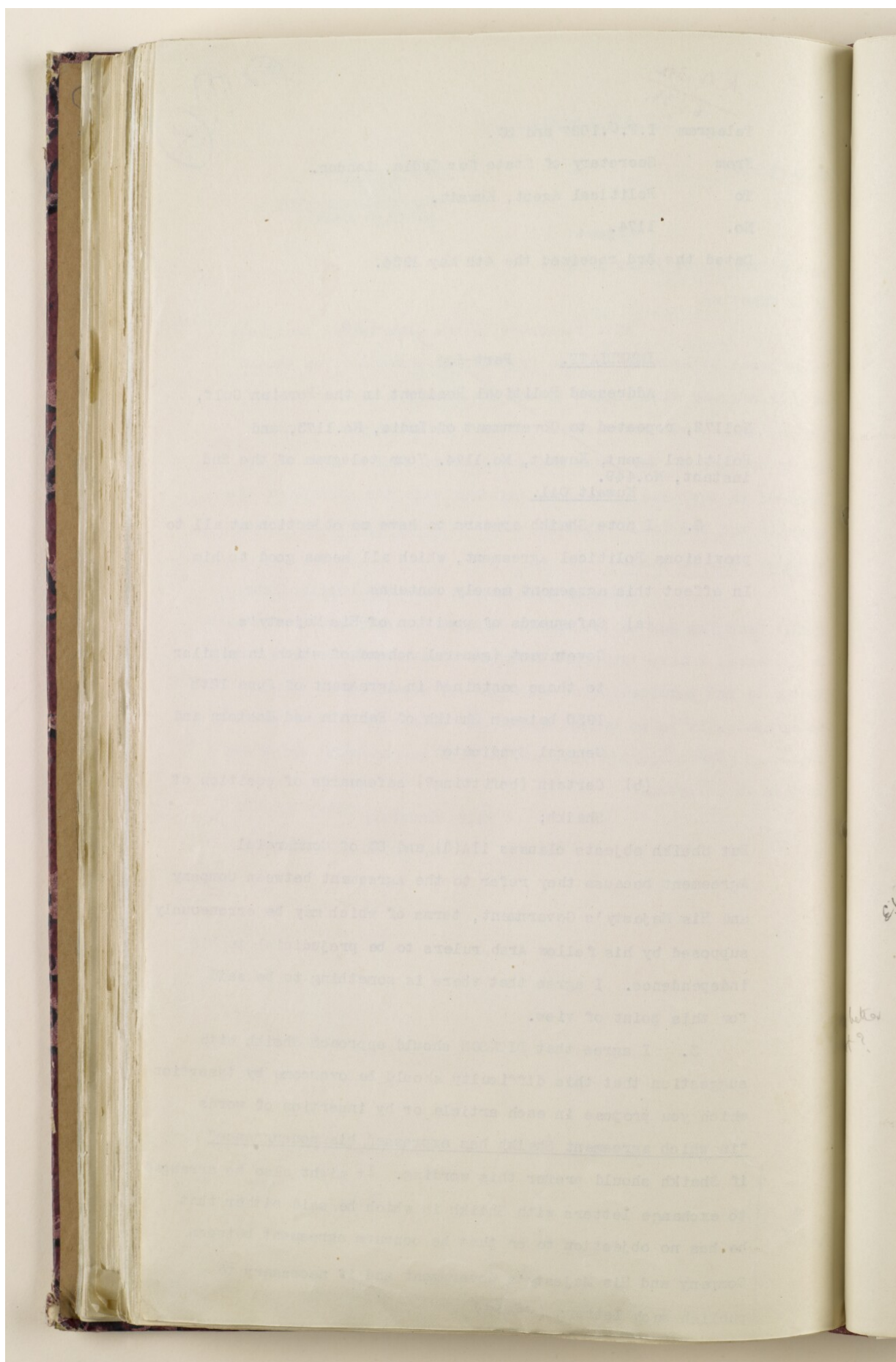
Addressed Political Resident in the Persian Gulf,
No.1172, repeated to Government of India, No.1173, and
Political Agent, Kuwait, No.1174. Your telegram of the 2nd
instant, No.449.
Kuwait Oil.

2. I note Shaikh appears to have no objection at all to
provisions Political Agreement, which all seems good to him.
In effect this agreement merely contains

- (a) Safeguards of position of His Majesty's
Government (general scheme of which is similar
to those contained in Agreement of June 12th
1930 between Shaikh of Bahrain and Eastern and
General Syndicate;
- (b) Certain (befitting?) safeguards of position of
Shaikh;

But Shaikh objects clauses 11A(d) and 20 of Commercial
Agreement because they refer to the Agreement between Company
and His Majesty's Government, terms of which may be erroneously
supposed by his fellow Arab rulers to be prejudicial to his
independence. I agree that there is something to be said
for this point of view.

3. I agree that DICKSON should approach Shaikh with
suggestion that this difficulty should be overcome by insertion
which you propose in each article, or by insertion of words
"in which agreement Shaikh has expressed his concurrence"
if Shaikh should prefer this wording. It might also be arranged
to exchange letters with Shaikh in which he said either that
he has no objection to or that he concurs agreement between
Company and His Majesty's Government and if necessary to
publish such letters (contd.)





- 2 -

186 178

29

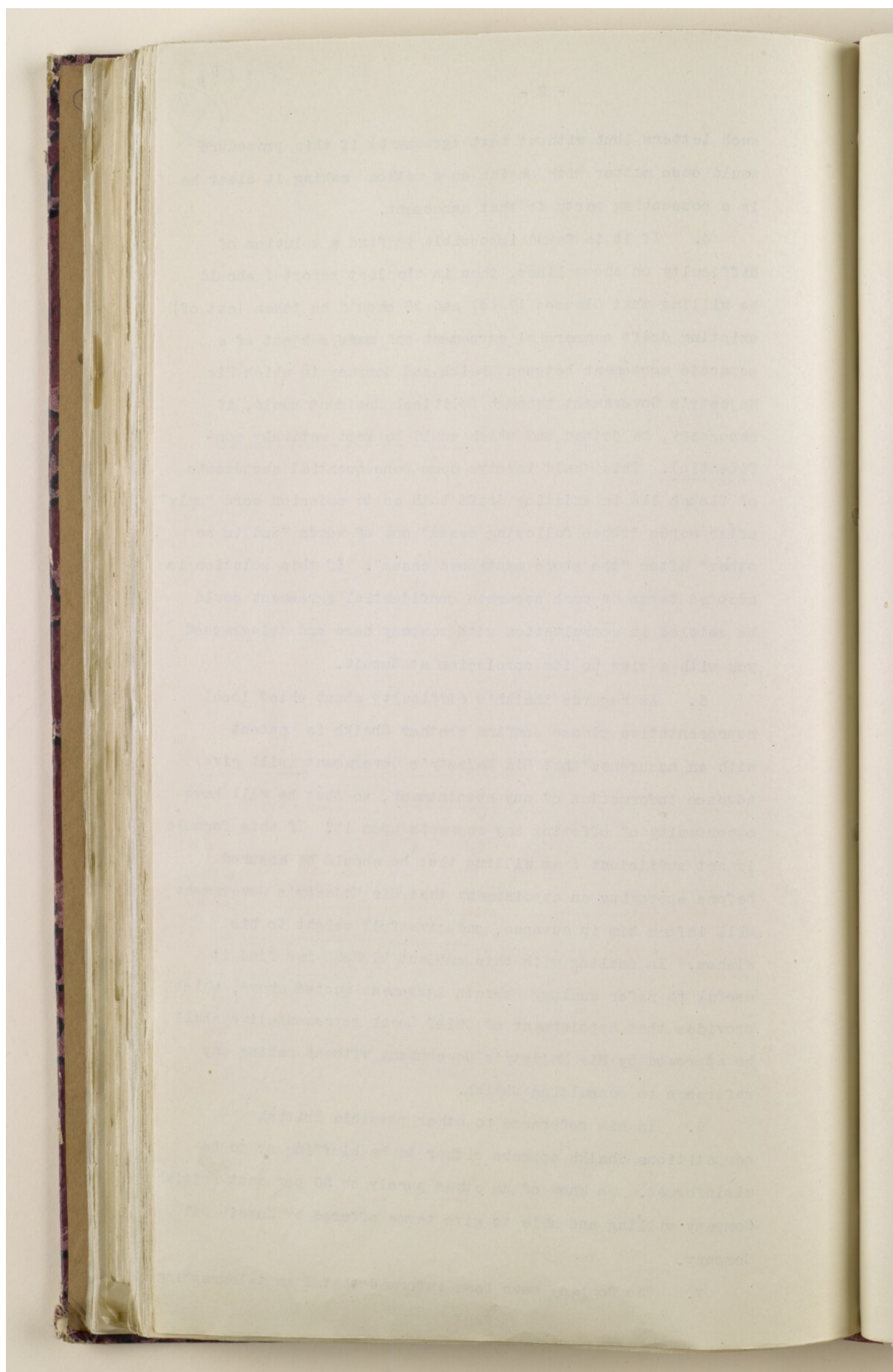
such letters (but without text agreement) if this procedure would ease matter with Shaikh as a method making it clear he is a consenting party to that agreement.

4. If it is found impossible to find a solution of difficulty on above lines, then in the last resort I should be willing that Clauses 11A(d) and 20 should be taken (out of) existing draft commercial agreement and made subject of a separate agreement between Shaikh and Company in which His Majesty's Government through Political Resident could, if necessary, be joined, and which would be kept entirely confidential. This would involve some consequential amendments of Clause 11A in existing draft both as to omission word "only" after words "three following cases" and of words "and in no other" after "the above mentioned cases". If this solution is adopted terms of such separate confidential agreement could be settled in consultation with company here and telegraphed you with a view to its conclusion at Kuwait.

5. As regards Shaikh's difficulty about chief local representative please confirm whether Shaikh is content with an assurance⁴ that His Majesty's Government (will give) advance information of any appointment, so that he will have opportunity of offering any comments upon it⁴. If this formula is not sufficient I am willing that he should be assured before approving an appointment that His Majesty's Government will inform him in advance, and give full weight to his wishes. In dealing with this subject DICKSON may find it useful to refer analogy Bahrain Agreement quoted above, which provides that appointment of Chief Local representative shall be approved by His Majesty's Government without making any reference to consulting Shaikh.

6. In his reference to other possible British competitions Shaikh appears either to be bluffing or to be misinformed. We know of no other purely or 50 per cent British Company willing and able to give terms offered by Kuwait Oil Company.

7. The Company have been informed that I am telegraphing





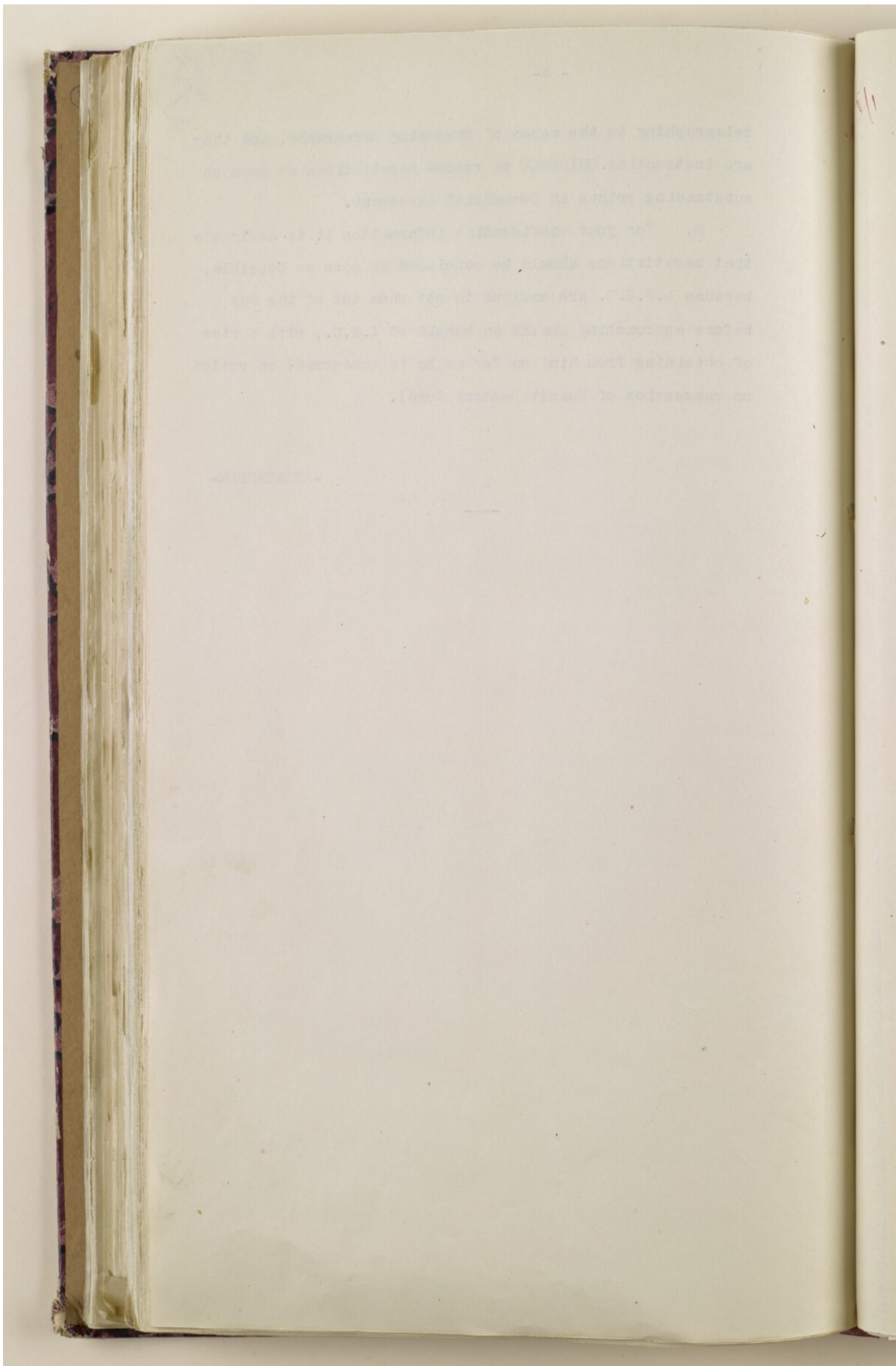
- 3 -

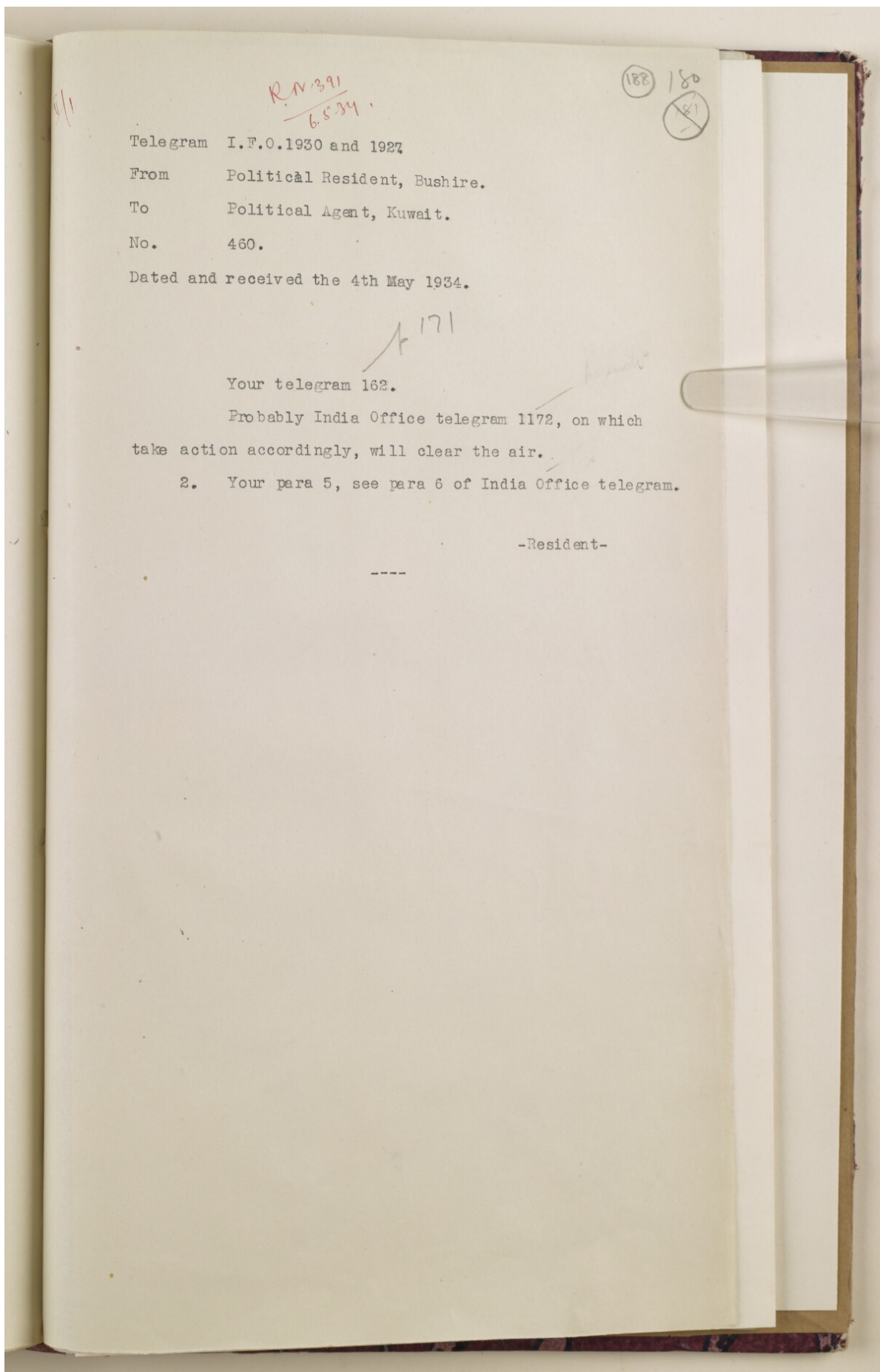
187 179
188

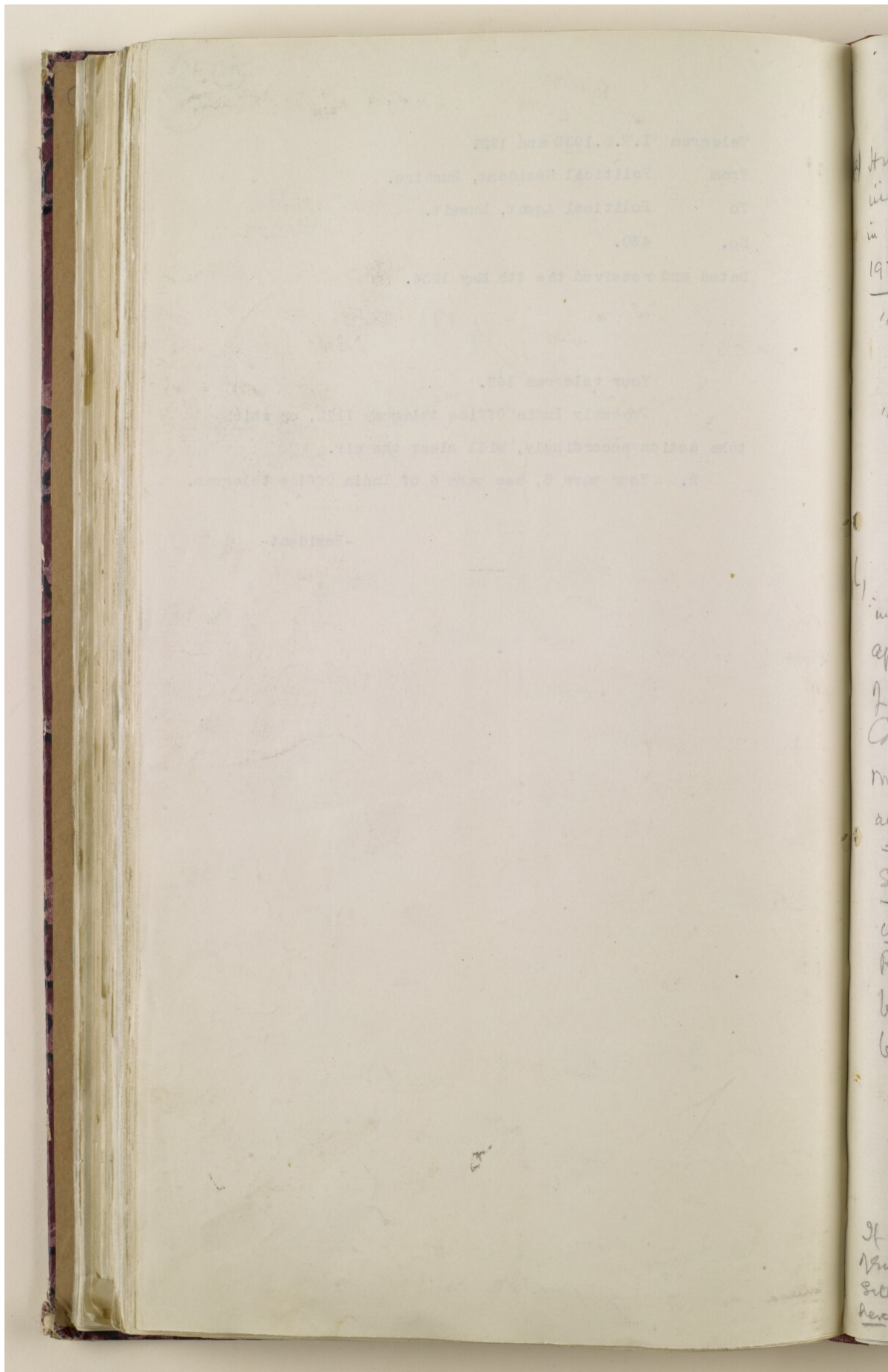
telegraphing in the sense of preceding paragraphs, and they are instructing CHISHOLM to resume negotiations at once on outstanding points in Commercial Agreement.

8. For your confidential information it is desirable that negotiations should be concluded as soon as possible, because A.P.O.C. are anxious to get them out of the way before approaching Shaikh on behalf of I.P.C., with a view of obtaining from him(so far as he is concerned) an option on concession of Kuwait Neutral Zone).

-RETAXANDUM-









R. 11.A(a) + 20.

Hueg Suffered local. Policy
decision should be made
in each article after words
1934.

"To which agreement
the Sheikh has no objection
or

"In which agreement Sheikh
has expressed his concurrence.

If above found to be
impossible then Hueg will
agree (as last resort) to removal
of 11.A(a) + 20 from draft
Commercial Agreement, &
made subject of a separate
and Special Agreement between

Sheikh & Company, in
which Hueg through Pol.
Representative could if necessary
be joined; & which would
be kept entirely confidential.

Note above would involve
removal of words "only" in 11.A
& "in no other" in 11.C.

If above solution adopted, Terms
of such separate Agreement, could be
settled in consultation with Coy.
here (London) & telegraphed this will view

2 (189) 182/181
its Conclusion in Kuwait

Chief Local Rep.

PA to confirm whether Sheikh
is content with assurance
that Hueg will give advance
information of any appointment,
so that he will have
opportunity of offering any
comments upon it.

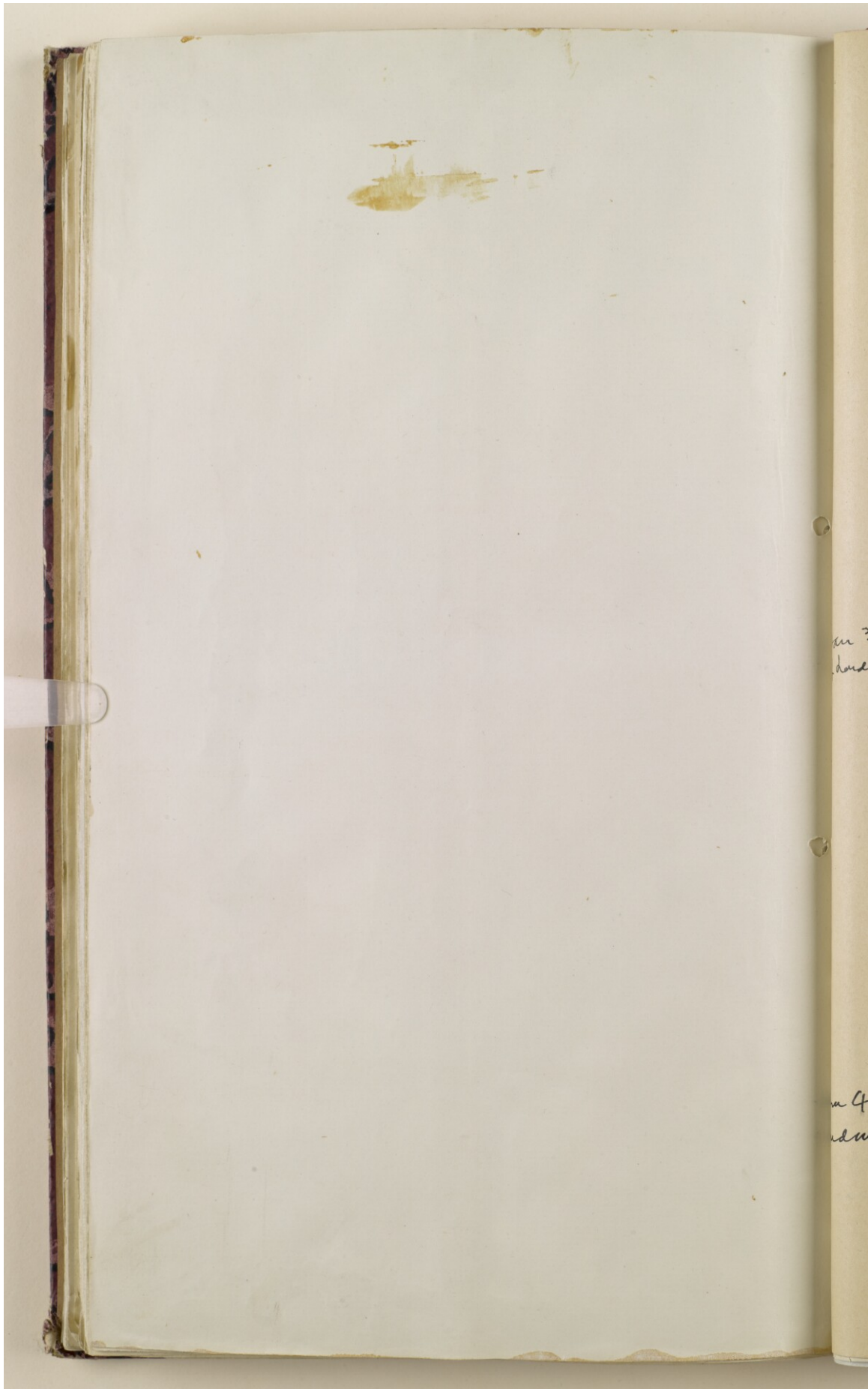
if above not
sufficient.

Hueg is urging that Sheikh
should be assured, before
approving an appointment,
that Hueg will inform
him in advance &
give full weight to his
views.

Bahrain analogy provides
"that appoint: Chief Local
Rep. should inform
& Hueg, without making
any reference to consulting
Sheikh."

Sheikh likes following 14 Sep.

"A local Rep. will be
appointed with his selection
in Consultation with
Hueg."





Notes.

Remel of discussion with Sheikh
on 7.5.34. p.177
4.30 pm to 6.30 pm

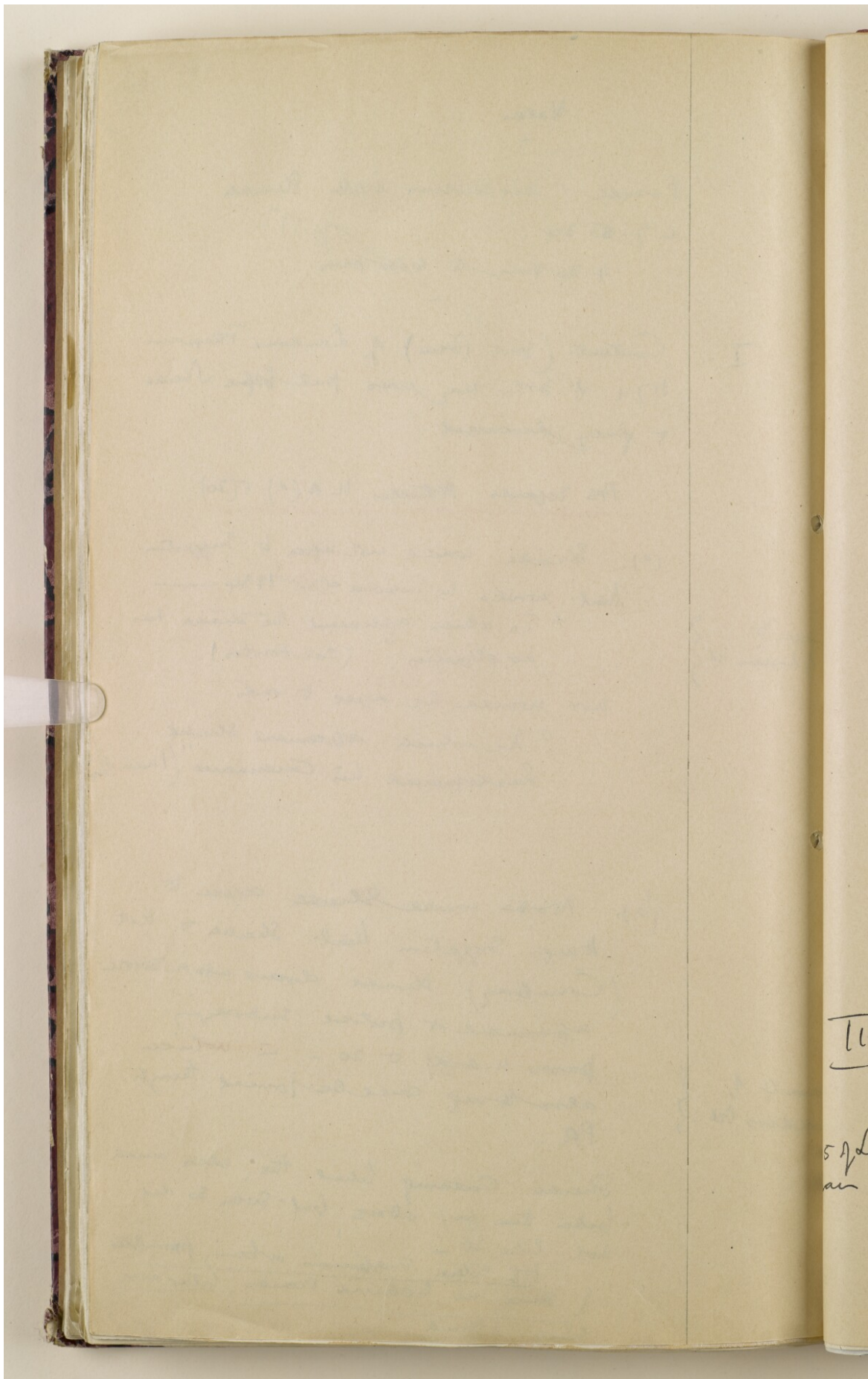
I. Contents (gist form) of London Telegram
1174 of 3rd May was put before Sheikh
& fully discussed.

As regards Articles 11.A.(d) & (20).

(a). Sheikh would not agree to suggestion
that words be inserted after "1934" —
"To which agreement the Sheikh has
no objection" (Col Fortes)
nor would he agree to words
"In which agreement Sheikh
has expressed his concurrence" (Indira)

(b). ~~Not~~ would Sheikh agree to
Amir's suggestion that Sheikh & KOC
(Combar) should draw up a secret
agreement or protocol embodying
paras 11.A.(d) & 20 - in which
also KOC could be joined though
PR.

Sheikh Catani liked the idea much
better than (a) about but - even so did
not like it -
HE either suggested or being prompted
{ same me behind scenes, later work
clearly I think.





2

(191) 183

Shaban was preparing him, suggested
a fresh "formula" which I worked
out right possibly satisfactory.

I agreed to examine his suggestion,
which was to effect deal.

He should write him a letter
(through PA) to the effect deal.

He had agreed with the KOC
in the terms, of H.A(d) 5(20)

though they should say nothing of the
letter (ie H.A(d) 5(20) in the letter, &

be ~~then~~ Sheikh would be asked
to approve of the arrangement so
came to: It is the Sheikh if

a similar letter could be drafted,
would refer to the PA approving same.

The question is can such draft be
worked out.

(PA to see what he can do),

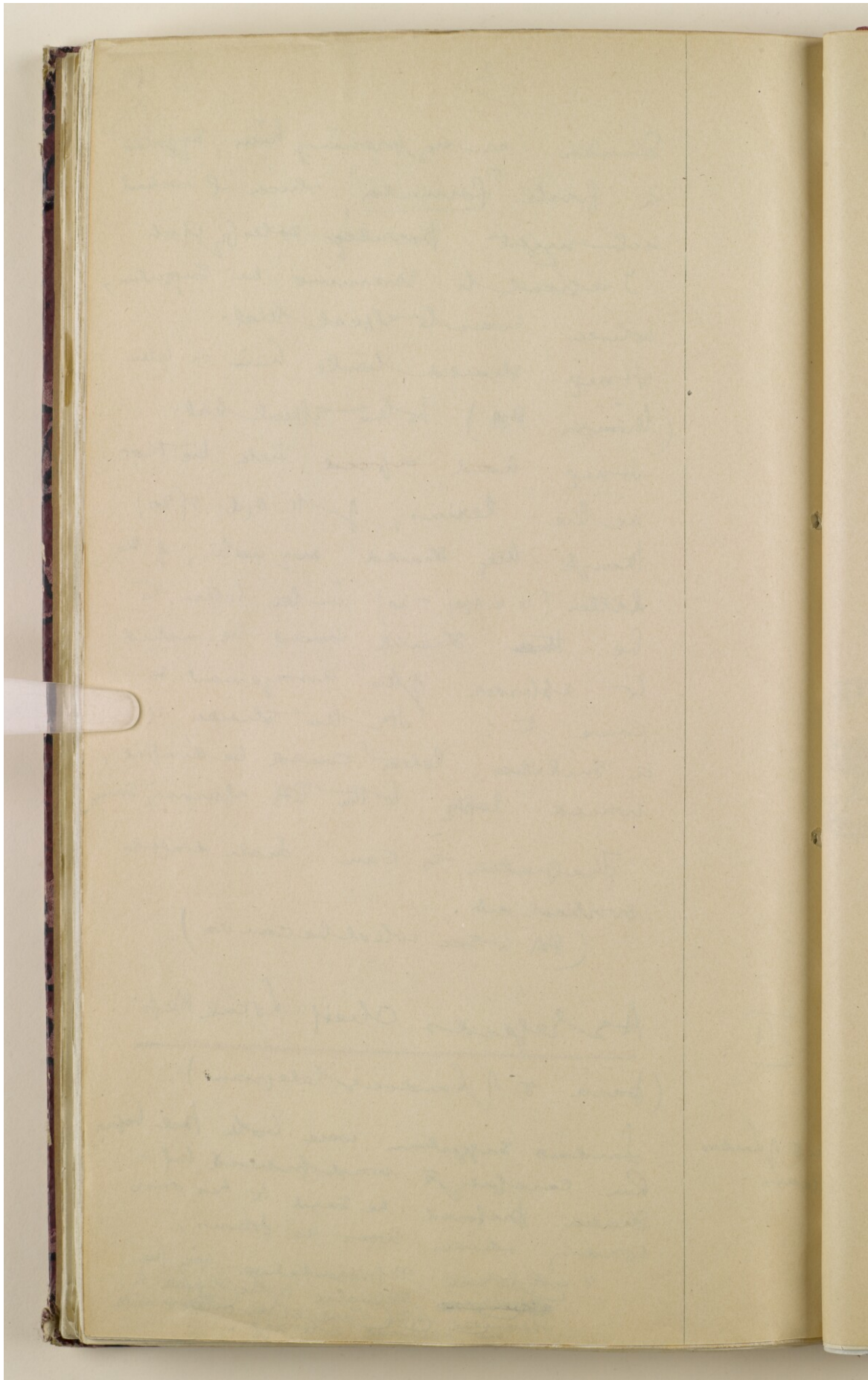
As regards Chief Local Reps.

(para 5 of Indans telegram)

Indans suggestion were both laid before
him carefully & word forwarded but -
Sheikh preferred he said to his own
wording which was as follows.

"A local representative will be
selected by the Sheikh &
after consultation with the
KOC will be authorized to sign."

5 of Indans
am -





3

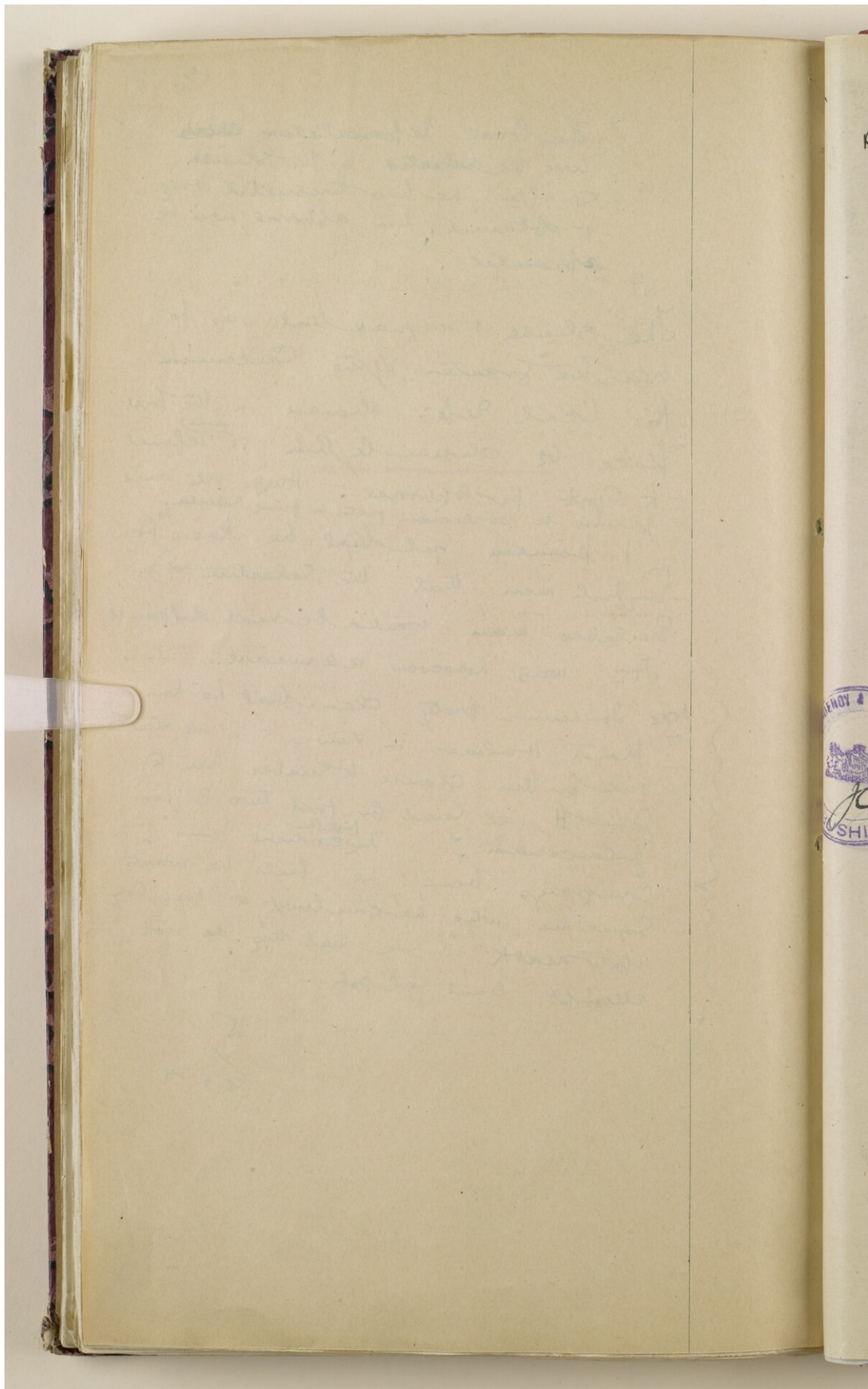
192 184

The local representative ~~shall~~
will be selected by the Sheikh,
after he has consulted Hugs
& obtained, then approval, will be
appointed.

The Sheikh argued that as he
was the grantor of the Concession
this local rep: should in the first
place be chosen by him, & referred
to Hugs for Approval: Hugs veto would
be the deciding factor in final selection.
I pointed out that he knew few
English men that the selection of a
Sulabee man would be most different.
He was however adamant.

Now it seems pretty clear that he has
Major Holmes in view - & is not sticking
out for the clause to enable him to
set H. at least for first two 3 years
of Concession: ^{first two} ~~the~~ ^{first two} years of
Company being he feels he wants
someone who he can trust to keep Coz
up to mark & see that they do not
attempt limit oil pot.

W
8.5.24





CONFIDENTIAL.

R.N. 44 No. C-194 of 1934.
Q15.5.34.

193 185 186

The Hon'ble the Political Resident in the Persian Gulf presents his compliments to

His Majesty's Secretary of State for India, London,

The Foreign Secretary to the Government of India,
Simla,

and has the honour to transmit to him a copy of the undermentioned document (s).

Office of the Political Resident
in the Persian Gulf,

British Consulate-General,
BUSHIRE
Camp, Kuwait,

Dated....10th..May..1934.....

Reference to previous correspondence :

Description of Enclosure.

Name and Date,	Subject.
1. Letter No. C-160, dated 3rd May 1934, from the Political Agent, Kuwait.	KUWAIT OIL.
2. Ditto, No. C-163, dated 3rd May 1934.	

Copy forwarded with compliments to the Political Agent, Kuwait.



CONFIDENTIAL

Rev. No. C-184 of 1934

The Hon'ble the Political Resident in the Persian Gulf presents his compliments to

His Majesty's Secretary of State for India, London

The Foreign Secretary to the Government of India, India

and has the honor to transmit to him a copy of the undermentioned document (s).

Office of the Political Resident
in the Persian Gulf

British Consulate-General
BUSHRAH

Dated... 1934
Camp, Kuwait

Reference to previous correspondence:

Description of Enclosure

Name and Date	Subject
1. Letter No. C-180, dated 2nd May 1934, from the Political Agent, Kuwait.	KUWAIT OIL
2. Ditté, No. C-183, dated 2nd May 1934.	

Copy forwarded with compliments to the Political Agent, Kuwait.

HS
SHIRE
YOMANIA & NEHALI - JERUSALEM



CONFIDENTIAL. *RN. 419*

No. C-199 of 1934. *16.5.34.*

W 115.34

The Hon'ble the Political Resident in the Persian Gulf presents his compliments to

1. The Foreign Secretary to the Government of India,
S I M L A.
2. The Political Agent, Kuwait. ✓

and has the honour to transmit to him a copy of the undermentioned document (s).

British Consulate-General,
~~BUSHIRE.~~
Camp Kuwait.

Dated *11th May, 1934.*

Reference to previous correspondence:

Description of Enclosure.

Name and Date.	Subject.
Political Resident's telegram T/115, dated the 11th May, 1934, to His Majesty's Secretary of State for India, London.	KUWAIT OIL. <i>Free</i>



CONFIDENTIAL

No. C-199 of 1934

16.2.34

The Hon'ble the Political Resident in the Persian Gulf presents his compliments to

1. The Foreign Secretary to the Government of India

2. The Political Agent, Kuwait

and has the honor to transmit to him a copy of the undermentioned document (A).

British Consulate-General
BUSHIRE
Camp Kuwait

Dated 11th May, 1934

Reference to previous correspondence:

Description of Enclosure

Name and Date	Subject
Political Resident's telegram T/113, dated the 11th May, 1934, to His Majesty's Secretary of State for India, London.	KUWAIT OIL

P. 113



86/1
Telegram XX
From Political Resident, at Kuwait.
To His Majesty's Secretary of State for India
Copy by Air Mail to Government of India.
" given to The Political Agent, Kuwait.

No. T/115

Dated 11th May, 1934.

Your telegram of the 3rd May 1172

With Dickson I have discussed questions therein contained exhaustively with Shaikh.

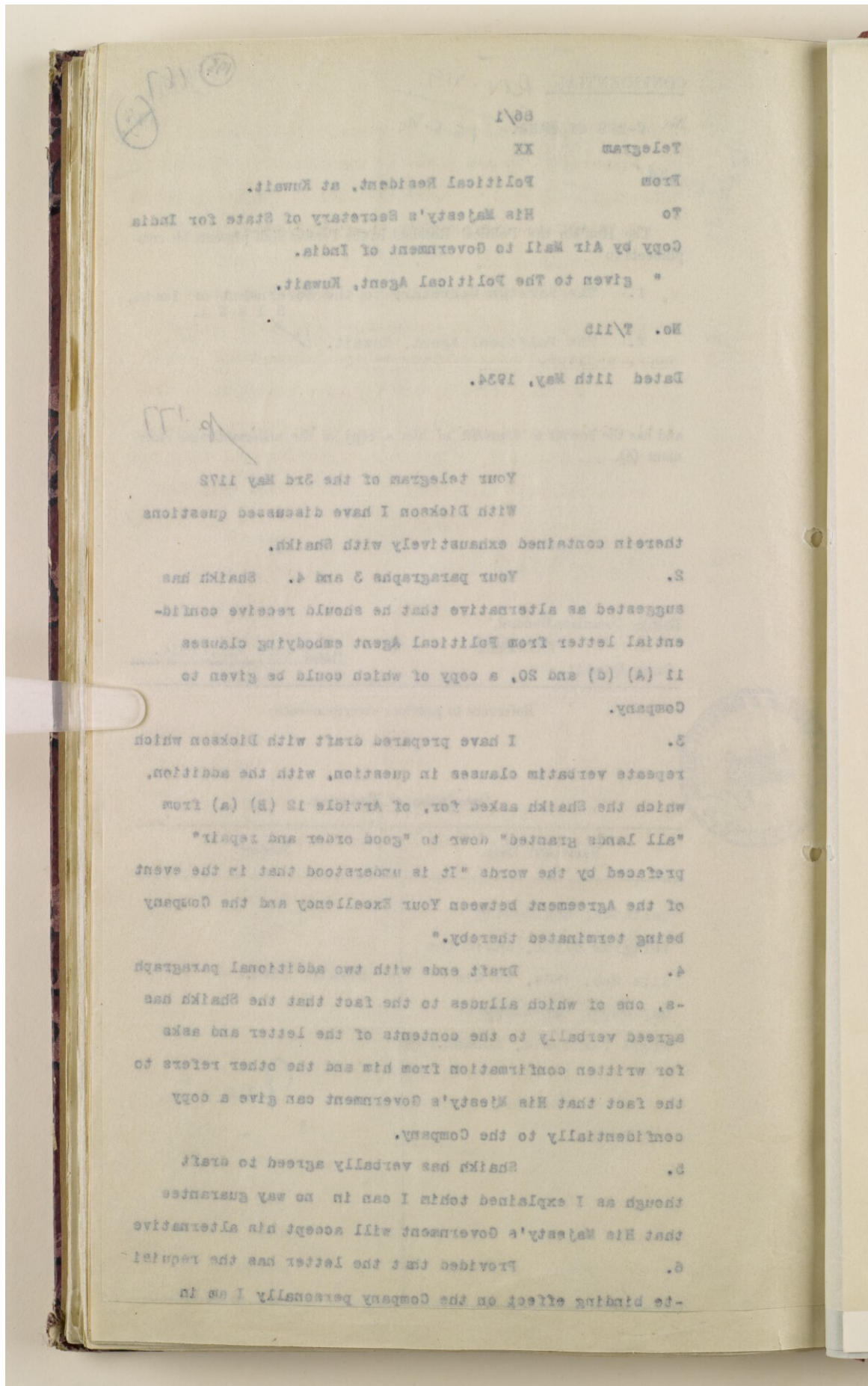
2. Your paragraphs 3 and 4. Shaikh has suggested as alternative that he should receive confidential letter from Political Agent embodying clauses 11 (A) (d) and 20, a copy of which could be given to Company.

3. I have prepared draft with Dickson which repeats verbatim clauses in question, with the addition, which the Shaikh asked for, of Article 12 (B) (a) from "all lands granted" down to "good order and repair" prefaced by the words "It is understood that in the event of the Agreement between Your Excellency and the Company being terminated thereby."

4. Draft ends with two additional paragraphs, one of which alludes to the fact that the Shaikh has agreed verbally to the contents of the letter and asks for written confirmation from him and the other refers to the fact that His Majesty's Government can give a copy confidentially to the Company.

5. Shaikh has verbally agreed to draft though as I explained to him I can in no way guarantee that His Majesty's Government will accept his alternative

6. Provided that the letter has the requisite binding effect on the Company personally I am in

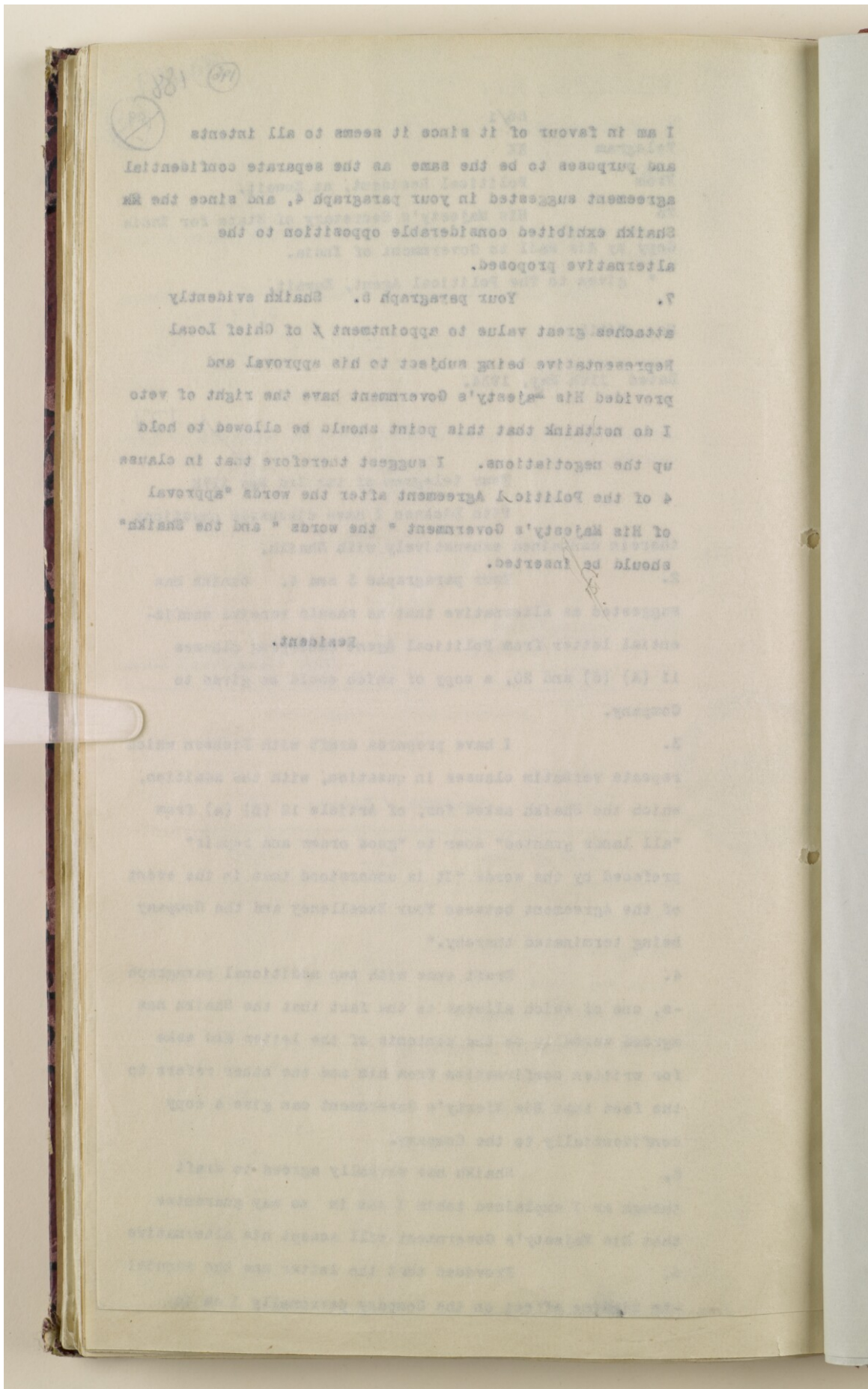




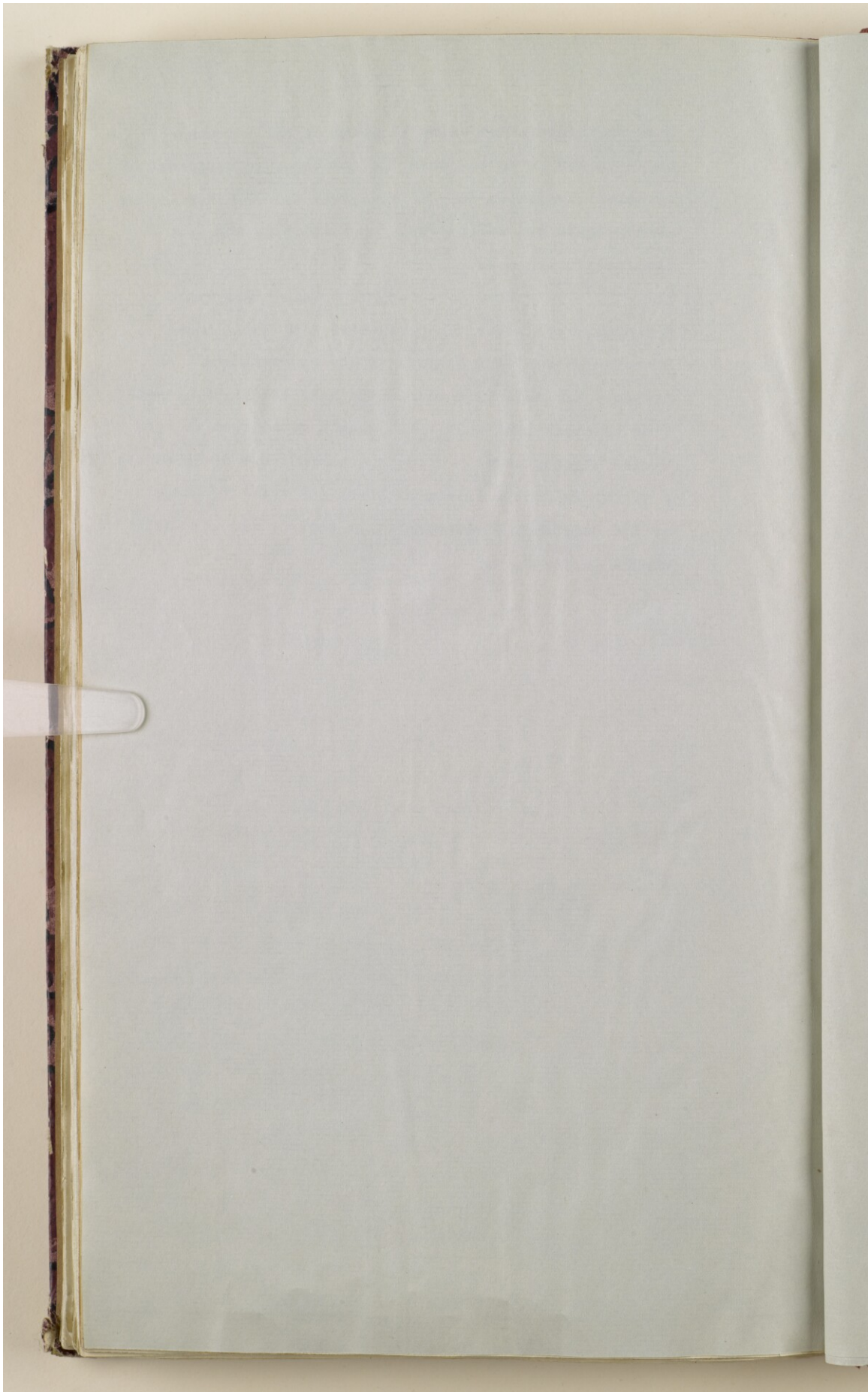
196 188
189
I am in favour of it since it seems to all intents and purposes to be the same as the separate confidential agreement suggested in your paragraph 4, and since the Shaikh exhibited considerable opposition to the alternative proposed.

7. Your paragraph 5. Shaikh evidently attaches great value to appointment of Chief Local Representative being subject to his approval and provided His Majesty's Government have the right of veto I do not think that this point should be allowed to hold up the negotiations. I suggest therefore that in clause 4 of the Political Agreement after the words "approval of His Majesty's Government" the words "and the Shaikh" should be inserted.

Resident.

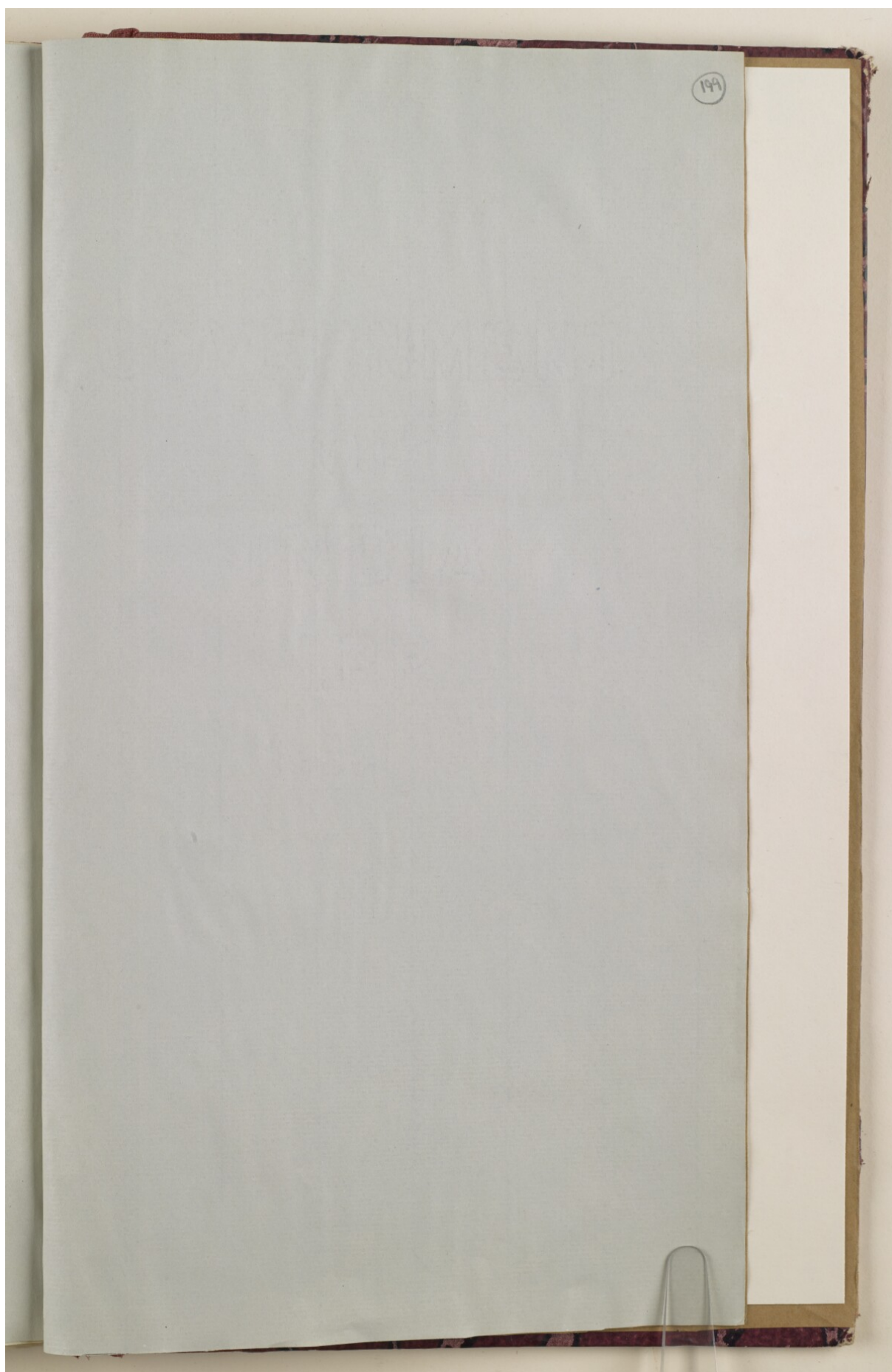


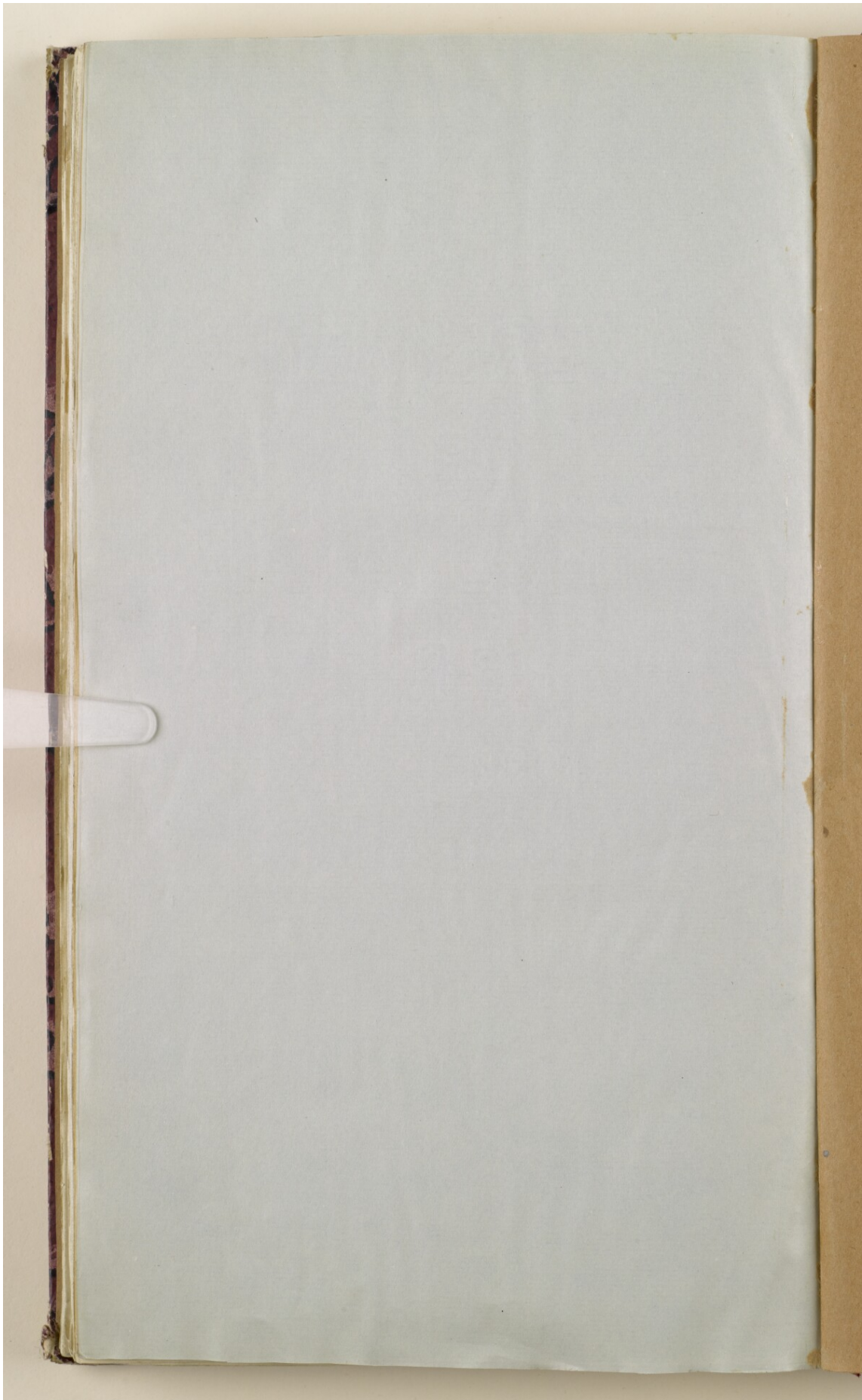


















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4				
5				
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